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HOUSE OF REPRESENTATIVES

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Volume 1

IN THE MATTER OF REPRESENTATIVE GEORGE V. HANSEN

REPORT

OF THE

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT HOUSE OF REPRESENTATIVES

JULY 19, 1984.—Referred to the House Calendar and ordered to be printed

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Mr. STOKES, from the Committee on Standards of Official Conduct,
submitted the following

REPORT

The House Committee on Standards of Official Conduct submits this Report to the House of Representatives to summarize its proceedings in the Committee's investigation of Representative George V. Hansen in support of its recommendation, pursuant to Article I, Section 5, Clause 2 of the United States Constitution and Rules 14, 16, and 17 of the Committee's Rules, that Representative Hansen be reprimanded by the House.

A. PROCEDURAL HISTORY

On April 7, 1983, Representative George V. Hansen of Idaho was indicted by a federal grand jury in the United States District Court for the District of Columbia charging four counts of filing statements in violation of 18 U.S.C. § 1001 based on his financial disclosure statements under the Ethics In Government Act ("EIGA"). After the Congressman's motions to dismiss the indictment were denied and such denial was affirmed on appeal, a trial began in March, 1984. On April 2, 1984, after a 10-day trial, the jury in the case returned a verdict of guilty on all four counts.*

Following the verdict, pursuant to Rule 14 of the Committee's rules, the Committee commenced a preliminary inquiry into whether any of the offenses for which Congressman Hansen was convicted constituted a violation over which the Committee had jurisdiction under House Rule X, cl. 4(e)(1) of the Rules of the House of Representatives. The Committee advised Congressman Hansen of its action by letter dated April 4, 1984. On April 5, 1984 the committee appointed Special Counsel, who immediately commenced review of the full trial transcript and exhibits, the pre- and post-trial motions and memoranda, as well as correspondence and submissions from Congressman Hansen's counsel. In addition, Special Counsel met with respondent's counsel on a number of occasions and engaged in numerous telephone conversations respecting various aspects of the case, the Committee's procedure, and the scope of the preliminary inquiry.

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*The transcript of trial proceedings is contained in Part 2 of [illegible] report.

On April 18, 1984, Special Counsel contacted counsel to Congressman Hansen to advise them that, pursuant to Rule 11(a)(2)(A) of the Committee Rules, the Congressman would have the right to present a written or oral statement with respect to the subject matter of the preliminary inquiry and requesting that counsel designate relevant portions of the trial transcript as the Committee's record in the matter.

On May 17, 1984, Congressman Hansen appeared personally before the Committee to give a sworn statement and respond to questions from Members and Special Counsel. During the May 17 hearing, the Congressman's counsel also was given an opportunity to address the Committee and respond to inquiries. At this same time, counsel for respondent and Special Counsel stipulated that the trial transcript and exhibits obtained by the Committee would be considered true and accurate copies so that the Committee need not await certification of the trial transcript to make it part of the Committee record. Following this hearing, Special Counsel prepared a report upon completion of the preliminary inquiry which was submitted to the Committee on June 12, 1984.

On June 14, 1984, the Committee, after consideration of Special Counsel's report and the record of the entire case, adopted by a vote of 10–0 a resolution as follows:

> Pursuant to Rule 14 of the Committee's Rules, the Committee, having reviewed the evidence relating to the conviction of Representative George V. Hansen in the United States District Court for the District of Columbia for offenses of violating Section 1001 of Title 18 of the United States Code; and upon consideration of the Report of Special Counsel Upon Completion of Preliminary Inquiry filed June 12, 1984 and all relevant evidence, including the exhibits and record herein, now determines that the evidence of his failure to file a complete disclosure constitutes violations of rules over which the Committee is given jurisdiction under Clause 4(e) of Rule X of the rules of the House of Representatives, including House Rule XLIV, XLIII cls. 1, 4, 7, and it is hereby:
>
> *Resolved,* That the Committee shall proceed promptly to hold a disciplinary hearing for the sole purpose of determining what sanction to recommend that the House of Representatives impose on Representative Hansen for these offenses and violations; and that it be further
>
> *Resolved,* That Representative Hansen and his counsel shall be promptly advised of this action and informed of the Member's rights pursuant to the Rules of this Committee, and that it be further
>
> *Resolved,* That the Special Counsel's report in this matter be made public after service upon Representative Hansen and his counsel.

Congressman Hansen and his counsel were advised that day of the Committee's action, and a disciplinary hearing was scheduled for June 20, 1984 at 10:00 A.M. Pursuant to Committee Rules 14, 16, 17, the sole purpose for the disciplinary hearing was to determine what sanction, if any, to recommend to the House. On June 15, 1984 counsel for Congressman Hansen requested that the Committee reconsider its June 14, 1984 Resolution, reopen its proceedings and take additional testimony including testimony from staff. By letter dated June 19, 1984 the Committee denied that request. Special Counsel submitted their recommendation, as required by Rule 16, as to the sanction the Committee should recommend to the House. On June 20, 1984 the Committee held a disciplinary hearing and heard both from Congressman Hansen and his counsel. Special Counsel was also heard on the recommendation, and the questioning by Members of the Committee was directed to both sides. By a vote of 11 to 1, the Committee passed the following resolution:

> *Resolved,* That after consideration of the original trial evidence in federal court, the Committee finds that Representative George V. Hansen is in violation of Rule XLIV and recommends that he be reprimanded.

B. BRIEF SUMMARY OF CASE

As described in detail in Special Counsel's Report on the Completion of the Preliminary Inquiry, Congressman Hansen's indictment and conviction for filing false statements were based on the financial disclosure forms required under the Ethics in Government Act ("EIGA"). The transactions involved were a loan of $50,000 by a Dallas bank to Mrs. Hansen, the pay-off of that loan by Nelson Bunker Hunt, Mrs. Hansen's receipt of $87,000 from a silver commodities transaction, and loans of $135,000 to the Congressman from three Virginia men.

Congressman Hansen did not deny failing to report the financial transactions involved in the indictment. Rather, he contended that he justifiably relied on the advice of counsel and the House Select Committee on Ethics in determining not to report these transactions. It is the Committee's view that the legal advice defense was not supported by the evidence at trial or upon review of the facts.

As more extensively discussed in the Special Counsel's report, to rely on advice of counsel (and the analogous reliance on advice from the Committee), the advice must be sought in good faith, all material facts must be given to the attorney and the person seeking advice must then follow the advice given.

The Committee concluded that the Congressman failed all three tests in requesting the advice with prejudice toward nondisclosure, in not following that advice by keeping the Committee "totally advised" of the facts, as instructed by his attorney, and by failing to tell his attorneys material facts on which they based their advice.

At the June 20 hearing both Congressman Hansen and his attorney asserted that the correspondence from the House Select Committee on Ethics, including a June 15, 1978 draft letter to Congressman Hansen which was never finalized, supported his defense and might even cause him to file for a new trial. Putting aside the fact that the correspondence was ruled to be beyond the court's reach because of the Speech and Debate Clause, the Committee's view and that of Congressman Hansen's is totally opposite. The Committee concluded that Congressman Hansen's witnesses at trial and Congressman Hansen at the Committee implied that the House Ethics Committee never responded to the Congressman's request for advice. The letters which were found indicate that the Select Committee on Ethics and its staff gave the Congressman and/or his attorneys advice that the Congressman's filings were incomplete. Despite Congressman Hansen's recent assertions to the contrary, the evidence contemporaneous with the letters in question clearly indicate that the Congressman himself or his attorney was aware of the contents of the letters. This conclusion results from the fact that the Congressman's attorney called the staff to argue about the contents of the correspondence and from the fact that a staff memorandum written at the time confirms the fact that the letter was sent and received. The Congressman's attempt to explain why he continued not to file complete financial statements does not conform with the actual evidence which was uncovered.

C. RECOMMENDATION

The Committee took two separate and independent actions in this matter. On June 14, it unanimously found that Congressman Hansen's conduct violated House of Representatives Rules governing standards of conduct. These related to financial disclosure, failing to reflect creditably on the House and others. A week later, on June 20, the Committee then voted 11 to 1 to recommend that Congressman Hansen be reprimanded for his violations of House Rule XLIV. The recommendation of discipline was predicated on Rule XLIV, the financial disclosure rule, because that was the basis of his conviction. The adoption of this report by the House shall constitute such a reprimand.

Accordingly, the Committee recommends that the House adopt a resolution in the following form:

HOUSE RESOLUTION

> *Resolved,* That the House of Representatives adopt the report by the Committee on Standards of Official Conduct dated July 19, 1984, in the matter of Representative George V. Hansen of Idaho.

This report was approved by the Committee on Standards of Official Conduct on June 28, 1984 by a vote of 9 yeas, 0 nays.

STATEMENT UNDER RULE XI CLAUSE 2(l) (3) (A) OF THE RULES OF THE HOUSE OF REPRESENTATIVES

The Committee made no special oversight findings on this resolution.

APPENDICES

RELEVANT STANDARDS CONSIDERED

RULE XLIII

CODE OF OFFICIAL CONDUCT

There is hereby established by and for the House of Representatives the following code of conduct, to be known as the "Code of Official Conduct":

1. A Member, officer, or employee of the House of Representatives shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives.

2. A Member, officer, or employee of the House of Representatives shall adhere to the spirit and the letter of the Rules of the House of Representatives and to the rules of duly constituted committees thereof.

3. A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress.

4. A Member, officer, or employee of the House of Representatives shall not accept gifts (other than personal hospitality of an individual or with a fair market value of $35 or less) in any calendar year aggregating $100 or more in value, directly or indirectly, from any person (other than from a relative of his) having a direct interest in legislation before the Congress or who is a foreign national (or agent of a foreign national). Any person registered under the Federal Regulation of Lobbying Act of 1946 (or any successor statute), any officer or director of such registered person, and any person retained by such registered person for the purpose of influencing legislation before the Congress shall be deemed to have a direct interest in legislation before the Congress.

5. A Member, officer, or employee of the House of Representatives shall accept no honorarium for a speech, writing for publication, or other similar activity, from any person, organization, or corporation in excess of the usual and customary value for such services.

6. A Member of the House of Representatives shall keep his campaign funds separate from his personal funds. He shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures and he shall expend no funds from his campaign account not attributable to bona fide campaign purposes.

7. A Member, officer, or employee of the House of Representatives shall treat as campaign contributions all proceeds from testimonial dinners or other fundraising events.

8. A Member, officer, or employee of the House of Representatives shall retain no one from his clerk hire allowance who does not perform duties commensurate with the compensation he receives.

9. A Member, officer, or employee of the House of Representatives shall not discharge or refuse to hire any individual, or otherwise discriminate against any individual with respect to compensa-

tion, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin.

10. A Member of the House of Representatives who has been convicted by a court of record for the commission of a crime for which a sentence of two or more years' imprisonment may be imposed should refrain from participation in the business of each committee of which he is a member and should refrain from voting on any question at a meeting of the House, or of the Committee of the Whole House, unless or until judicial or executive proceedings result in reinstatement of the presumption of his innocence or until he is reelected to the House after the date of such conviction.

11. A Member of the House of Representatives shall not authorize or otherwise allow a non-House individual, group or organization to use the words "Congress of the United States", "House of Representatives", "Official Business", or any combination of words thereof, on any letterhead or envelope.

As used in this Code of Official Conduct of the House of Representatives—(a) the terms "Member" and "Member of the House of Representatives" include the Resident Commissioner from Puerto Rico and each Delegate to the House; and (b) the term "officer or employee of the House of Representatives" means any individual whose compensation is disbursed by the Clerk of the House of Representatives.

For the purposes of clause 4 of this Code of Official Conduct—

(1) The term "relative" means, with respect to any Member, officer, or employee of the House of Representatives, an individual who is related as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the person reporting.

(2) The term "foreign national" means an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence.

RULE XLIV

FINANCIAL DISCLOSURE

(Effective July 1, 1977)

PART A—PROCEDURAL RULES AND DEFINITIONS

1. A copy of each report filed with the Clerk under this rule shall be sent by the Clerk on the same day that the report is filed with him to the Committee on Standards of Official Conduct. Before June 1, 1978, and by June 1 of each year thereafter, the Clerk shall compile all such reports sent to him by Members within the period beginning on January 1 and ending on April 30 of such year and have them printed as a House document, which document shall be made available to the public.

2. Reports filed under this rule shall be maintained by the Committee on Standards of Official Conduct and made available for public inspection at reasonable hours.

3. A copy of each report filed by a Member with the Clerk under this rule shall be sent by the Clerk to the secretary of state (or, if there is no office of secretary of state, the equivalent State officer) of the State represented by the Member on the same day that the report is filed with him.

4. As used in this rule:

(a) The term "Member" means any Member of the House of Representatives, a Delegate to the House of Representatives, or the Resident Commissioner in the House of Representatives.

(b) The term "relative" means, with respect to a person required to file a report under this rule, an individual who is related to the person as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the person reporting.

(c) The term "committee" means any committee (including any subcommittee thereof) of the House of Representatives, or any joint committee of Congress the expenses of which are paid from the contingent fund of the House of Representatives.

(d) The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, or the Virgin Islands.

(e) The term "honorarium" means, with respect to a person required to file a report under this rule, a payment of money or any thing of value to such person for an appearance, speech, or article, by the person; but there shall not be taken into account for purposes of part B any actual and necessary travel expenses incurred by such person to the extent that such expenses are paid or reimbursed by any other person, and the amount otherwise determined shall be reduced by the amount of any such expenses to the extent that they are not paid or reimbursed.

PART B—CONTENTS OF REPORTS

Members, officers, principal assistants to Members and officers, and professional staff members of committees shall not later than April 30, 1978, and by April 30 of each year thereafter, file with the Clerk a report disclosing certain financial information as provided in this part B. Each report shall contain the following:

1. List the source and amount of each of the following items received during the preceding calendar year: (a) Items of income (including honorariums) from a single source aggregating $100 or more. (b) Gifts (other than personal hospitality of an individual, any gift described in subparagraph (c) of this paragraph, or any gift with a fair market value of $35 or less) from a single source (other than from a relative of the person reporting) aggregating $100 or

more in value. (c) Any gift (other than personal hospitality of an individual or with a fair market value of $35 or less) of transportation, lodging, food, or entertainment from a single source (other than from a relative of the person reporting) aggregating $250 or more in value. (d) Reimbursements, directly or indirectly, from a single source for expenditures (other than from the United States Government) aggregating $250 or more.

2. The identity and category of value of any property held, directly or indirectly, in a trade or business or for investment or the production of income and which has a fair market value of at least $1,000 as of the close of the preceding calendar year.

3. The identity and category of value of each liability owed, directly or indirectly, which exceeds $2,500 as of the close of the preceding calendar year, excluding any mortgage which secures real property (a) in which the Member reporting or his spouse resides and which is situated in the district represented by the Member or in the Greater Washington, District of Columbia, metropolitan area, or (b) in the case of any other person reporting, is the principle residence of such person or his spouse.

4. The identity, date, and category of value of any transaction, directly or indirectly, in securities or commodities futures during the preceding calendar year and which transaction exceeds $1,000, excluding any gift to any tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

5. The identity, date, and category of value of any purchase or sale, directly or indirectly, of any interest in real property during the preceding calendar year and which exceeds $1,000 in value as of the date of such purchase or sale, excluding any real property (a) in which the Member reporting or his spouse resides and which is situated in the district represented by the Member or in the Greater Washington, District of Columbia, metropolitan area, or (b) in the case of any other person reporting, which is the principal place of residence of such person or his spouse.

For the purposes of paragraphs 2 through 5 of this part B, the person reporting need not specify the actual amount or value of each item required to be reported under such clauses, but such person shall indicate which of the following categories such amount or value is within:

(a) not more than $5,000,
(b) greater than $5,000, but not more than $15,000,
(c) greater than $15,000, but not more than $50,000,
(d) greater than $50,000, but not more than $100,000, or
(e) greater than $100,000.

Campaign receipts shall not be included in this report.

Each report shall also contain information listed in paragraphs 1 through 5 of this part B respecting the spouse of the person reporting which information relates to items under the constructive control of such person.

Any report to be filed under this part B not later than April 30, 1978, respecting the calendar year ending December 31, 1977, need not include items enumerated under paragraph 1 which are received prior to October 1, 1977, transactions under paragraph 4 or any capital gains reportable under subparagraph (a) of paragraph

1, or purchases or sales under paragraph 5 which occur prior to October 1, 1977.

Rule XLIV

FINANCIAL DISCLOSURE

(Effective January 15, 1979)

1. A copy of each report filed with the Clerk under Title I of the Ethics in Government Act of 1978 shall be sent by the Clerk within the seven-day period beginning the date on which the report is filed to the Committee on Standards of Official Conduct. By July 1 of each year, the Clerk shall compile all such reports sent to him by Members within the period beginning on January 1 and ending on May 15 of each year and have them printed as a House document, which document shall be made available to the public.

2. For the purposes of this rule, the provisions of Title I of the Ethics in Government Act of 1978 shall be deemed to be a rule of the House as it pertains to Members, officers, and employees of the House of Representatives.

The relevant provisions of Title I of the Etnics in Government Act of 1978 are as follows (Pub. L. 95–521):

TITLE I—LEGISLATIVE PERSONNEL FINANCIAL DISCLOSURE REQUIREMENTS

COVERAGE

Sec. 101. (a) Each Member in office on May 15 of a calendar year shall file on or before May 15 of that calendar year a report containing the information as described in section 102(a).

(b) Any individual who is an officer or employee of the legislative branch designated in subsection (e) during any calendar year and performs the duties of his position or office for a period in excess of sixty days in that calendar year shall file on or before May 15 of the succeeding year a report containing the information as described in section 102(a).

(c) Within thirty days of assuming the position of an officer or employee designated in subsection (e), an individual other than an individual employed in the legislative branch upon assuming such position shall file a report containing the information as described in section 102(b) unless the individual has left another position designated in subsection (e) within thirty days prior to assuming his new position. This subsection shall take effect on January 1, 1979.

(d) Within thirty days of becoming a candidate in a calendar year for any election for the office of Member, or on or before May 15 of that calendar year, whichever is later, but in no event later than seven days prior to the election, and on or before May 15 of each successive year the individual continues to be a candidate, an individual shall file a report containing the information as described in section 102(b).

(e) The officers and employees referred to in subsections (b) and (c) are—

(1) each officer or employee of the legislative branch who is compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS-16 of the General Schedule; and

(2) at least one principal assistant designated for purposes of this section by each Member who does not have an employee compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS-16 of the General Schedule.

For the purposes of this title, the legislative branch includes the Architect of the Capitol, the Botanic Gardens, the Congressional Budget Office, the Cost Accounting Standards Board, the General Accounting Office, the Government Printing Office, the Library of Congress, the Office of the Attending Physician, and the Office of Technology Assessment.

(f) Reasonable extensions of time for filing any report may be granted by the designated committee of the Senate with respect to those filing with the Secretary and by the designated committee of the House of Representatives with respect to those filing with the Clerk but in no event may the extension granted to a Member or candidate result in a required report being filed later than seven days prior to an election involving the Member or candidate. If the day on which a report is required to be filed falls on a weekend or holiday, the report may be filed on the next business day.

* * * * * * *

CONTENTS OF REPORTS

SEC. 102. (a) Each report filed pursuant to subsections (a) and (b) of section 101 shall include a full and complete statement with respect to the following:

(1)(A) The source, type, and amount or value of income (other than income referred to in subparagraph (B) from any source (other than from current employment by the United States Government), and the source, date, and amount of honoraria from any source, received during the preceding calendar year, aggregating $100 or more in value.

(B) The source and type of income which consists of dividends, interest, rent, and capital gains, received during the preceding calendar year which exceeds $100 in amount or value, and an indication of which of the following categories the amount or value of such item of income is within:

(i) not more than $1,000,
(ii) greater than $1,000 but not more than $2,500,
(iii) greater then $2,500 but not more $5,000,
(iv) greater than $5,000 but not more than $15,000,
(v) greater than $15,000 but not more than $50,000,
(vi) greater than $50,000 but not more than $100,000, or
(vii) greater than $100,000.

(2)(A) The identity of the source and a brief description of any gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any food, lodging, or entertainment received as personal hospitality of any individual need not be reported, and any gift with a fair market value of $35 or less need not be aggregated for purposes of this subparagraph.

(B) The identity of the source, a brief description, and the value of all gifts other than transportation, lodging, food, or entertainment aggregating $100 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any gift with a fair market value of $35 or less need not be aggregated for purposes of this subparagraph. A gift need not be so aggregated if in any unusual case, a publicly available request for a waiver is granted.

(C) The identity of the source and a brief description of reimbursements received from any source aggregating $250 or more in value and received during the preceding calendar year.

(3) The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which has a fair market value which exceeds $1,000 as of the close of the preceding calendar year, excluding any personal liability owed to the reporting individual by a relative or any deposits aggregating $5,000 or less in a personal savings account. For purposes of this paragraph, a personal savings account shall include any certificate of deposit or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

(4) The identity and category of value of the total liabilities owed to any creditor other than a relative which exceed $10,000 at any time during the preceding calendar year, excluding—

(A) any mortgage secured by real property which is a personal residence of the reporting individual or his spouse;

(B) any loan secured by a personal motor vehicle, household furniture, or appliances, which loan does not exceed the purchase price of the item which secures it.

With respect to revolving charge accounts, only those with an outstanding liability which exceeds $10,000 as of the close of the preceding calendar year need be reported under the paragraph.

(5) Except as provided in this paragraph, a brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeds $1,000—

(A) in real property, other than property used solely as a personal residence of the reporting individual or his spouse; or

(B) in stocks, bonds, commodities futures, and other forms of securities.

Reporting is not required under this paragraph of any transaction solely by and between the reporting individual, his spouse, or dependent children.

(6) The identity of all positions on or before the date of filing during the current calendar year as an officer, director, trust-

ee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. This paragraph shall not require the reporting of positions held in any religious, social, fraternal, or political entity and positions solely of an honorary nature.

(7) A description of the date, parties to, and terms of any agreement or arrangement with respect to: (A) future employment; (B) a leave of absence during the period of the reporting individual's Government service; (C) continuation of payments by a former employer other than the United States Government; and (D) continuing participation in an employee welfare or benefit plan maintained by a former employer.

(b) Each report filed pursuant to subsections (c) and (d) of section 101 shall include a full and complete statement with respect to the information required by paragraphs (3), (4), (6), and (in the case of reports filed pursuant to subsection (c) of section 101) (7) of subsection (a), as of a date, specified in such report, which shall be not more than thirty-one days prior to the date of filing, and the information required by paragraph (1) of subsection (a) for the year of filing and the preceding calendar year.

(c)(1) The categories for reporting the amount or value of the items covered in paragraphs (3), (4) and (5) of subsection (a) are as follows:

(A) not more than $5,000;
(B) greater than $5,000 but not more than $15,000;
(C) greater than $15,000 but not more than $50,000;
(D) greater than $50,000 but not more than $100,000;
(E) greater than $100,000 but not more than $250,000; and
(F) greater than $250,000.

(2) For the purposes of paragraph (3) of subsection (a) if the current value of an interest in real property (or an interest in a real estate partnership) is not ascertainable without an appraisal, an individual may list (A) the date of purchase and the purchase date of the interest in the real property, or (B) the assessed value of the real property for tax purposes, adjusted to reflect the market value of the property used for the assessment if the assessed value is computed at less than 100 percent of such market value, but such individual shall include in his report a full and complete description of the method used to determine such assessed value, instead of specifying a category of value pursuant to paragraph (1) of this subsection. If the current value of any other item required to be reported under paragraph (3) of subsection (a) is not ascertainable without an appraisal, such individual may list the book value of a corporation whose stock is not publicly traded, the net worth of a business partnership, the equity value of an individually owned business, or with respect to other holdings, any recognized indication of value, but such individual shall include in his report a full and complete description of the method used in determining such value. In lieu of any value referred to in the preceding sentence, an individual may list the assessed value of the item for tax purposes, adjusted to reflect the market value of the item used for the assessment if the assessed value is computed at less than 100 percent of

such market value, but a full and complete description of the method used in determining such assessed value shall be included in the report.

(d)(1) Except as provided in the last sentence of this paragraph, each report shall also contain information listed in paragraphs (1) through (5) of subsection (a) respecting the spouse or dependent child of the reporting individual as follows:

(A) The source of items of earned income earned by a spouse from any person which exceed $1,000 and, with respect to a spouse or dependent child, all information required to be reported in subsection (a)(1)(B) with respect to income derived from any asset held by the spouse or dependent child and reported pursuant to paragraph (3). With respect to earned income, if the spouse is self-employed in business or a profession, only the nature of such business or profession need be reported.

(B) In the case of any gift which is not received totally independent of the spouse's relationship to the reporting individual, the identity of the source and a brief description of gifts of transportation, lodging, food, or entertainment or a brief description and the value of other gifts.

(C) In the case of any reimbursement which is not received totally independent of the spouse's relationship to the reporting individual, the identity of the source and a brief description of the reimbursement.

(D) In the case of items described in paragraphs (3) through (5), all information required to be reported under these paragraphs other than items (i) which the reporting individual certifies represent the spouse or dependent child's sole financial interest or responsibility and which the reporting individual has no knowledge of, (ii) which are not in any way, past or present, derived from the income, assests, or activities of the reporting individual, and (iii) from which the reporting individual neither derives, nor expects to derive, any financial or economic benefit.

Each report referred to in subsection (b) of this section shall, with respect to the spouse and dependent child of the reporting individual, only contain information listed in paragraphs (1), (3), and (4) of subsection (a), as specified in this paragraph.

(2) No report shall be required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation; or with respect to any income or obligations of an individual arising from the dissolution of his marriage or the permanent separation from his spouse.

(e)(1) Except as provided in paragraph (2), each reporting individual shall report the information required to be reported pursuant to subsections (a) and (b) of this section with respect to the holdings of and the income from a trust or other financial arrangement from which income is received by, or with respect to which a beneficial interest in principal or income is held by, such individual, his spouse, or any dependent child.

(2) A reporting individual need not report the holdings of or the source of income from any of the holdings of—

(A) any qualified blind trust (as defined in paragraph (3)); or

(B) a trust—

(i) which was not created directly by such individual, his spouse, or any dependent child, and

(ii) the holdings or sources of income of which such individual, his spouse, and any dependent child have no knowledge of,

but such individual shall report the category of the amount of income received by him, his spouse, or any dependent child from the trust under subsection (a)(1)(B) of this section.

(3) For purposes of this subsection, the term "qualified blind trust" includes any trust in which a reporting individual, his spouse, or any dependent child has a beneficial interest in the principal or income, and which meets the following requirements:

(A) The trustee of the trust is a financial institution, an attorney, a certified public accountant, or a broker, who (in the case of a financial institution or investment company, any officer or employee involved in the management or control of the trust who)—

(i) is independent of and unassociated with any interested party so that the trustee cannot be controlled or influenced in the administration of the trust by any interested party,

(ii) is or has not been an employee of any interested party, or any organization affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party, and

(iii) is not a relative of any interested party.

(B) Any asset transferred to the trust by an interested party is free of any restriction with respect to its transfer or sale unless such restriction is expressly approved by the supervising ethics office of the reporting individual.

(C) The trust instrument which establishes the trust provides that—

(i) except to the extent provided in subparagraph (B) of this paragraph, the trustee in the exercise of his authority and discretion to manage and control the assets of the trust shall not consult or notify any interested party;

(ii) the trust shall not contain any asset the holding of which by an interested party is prohibited by any law or regulation;

(iii) the trustee shall promptly notify the reporting indidividual and his supervising ethics office when the holdings of any particular asset transferred to the trust by any interested party are disposed of or when the value of such holding is less than $1,000;

(iv) the trust tax return shall be prepared by the trustee or his designee, and such return and any information relating thereto (other than the trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed to any interested party;

(v) an interested party shall not receive any report on the holdings and sources of income of the trust, except a report at the end of each calendar quarter with respect to the total cash value of the interest of the interested party is the trust or the net income or loss of the trust or any reports necessary to enable the interested party to complete an individual tax return required by law or to provide the information required by subsection (a)(1)(B) of this section but such report shall not identify any asset or holding;

(vi) except for communications which solely consist of requests for distributions of cash or other unspecified assets of the trust, there shall be no direct or indirect communication between the trustee and an interested party with respect to the trust unless such communication is in writing and unless it relates only (I) to the general financial interest and needs of the interested party (including, but not limited to, an interest in maximizing income or long-term capital gain), (II) to the notification of the trustee of a law or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an asset, which notification directs that the asset not be held by the trust, or (III) to directions to the trustee to sell all of an asset initially placed in the trust by an interested party which in the determination of the reporting individual creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the reporting individual (but nothing herein shall require any such direction); and

(vii) the interested parties shall make no effort to obtain information with respect to the holdings of the trust, including obtaining a copy of any trust tax return filed or any information relating thereto except as otherwise provided in this subsection.

(D) The proposed trust instrument and the proposed trustee is approved by the reporting individual's supervising ethics office. For purposes of this subsection "interested party" means a reporting individual, his spouse, and any dependent child if the reporting individual, his spouse, or dependent child has a beneficial interest in the principal or income of a qualified blind trust; "broker" has the meaning set forth in section 78 of title 15, United States Code; and "supervising ethics office" means the designated committee of the House of Representatives for those who file their reports required by this title with the Clerk and the designated committee of the Senate for those who file the reports required by this title with the Secretary

(4) An asset placed in a trust by an interested party shall be considered a financial interest of the reporting individual, for the purposes of section 208 of title 18, United States Code, and any other conflict of interest statutes or regulations of the Federal Government, until such time as the reporting individual is notified by the trustee that such asset has been disposed of, or has a value of less than $1,000.

(5)(A) The reporting individual shall, within thirty days after a qualified blind trust is approved by his supervising ethics office, file with such office a copy of—

(i) the executed trust instrument of such trust (other than those provisions which relate to the testamentary disposition of the trust assets), and

(ii) a list of the assets which were transferred to such trust, including the category of value of each asset as determined under subsection (c)(1) of this section.

(B) The reporting individual shall, within thirty days of transferring an asset (other than cash) to a previously established qualified blind trust, notify his supervising ethics office of the identity of each such asset and the category of value of each asset as determined under subsection (c)(1) of this section.

(C) Within thirty days of the dissolution of a qualified blind trust, a reporting individual shall—

(i) notify his supervising ethics office of such dissolution, and

(ii) file with such office a copy of a list of the assets of the trust at the time of such dissolution and the category of value under subsection (c) of this subsection of each such asset.

(D) Documents filed under subparagraphs (A), (B), and (C) of this paragraph and the lists provided by the trustee of assets placed in the trust by an interested party which have been sold shall be made available to the public in the same manner as a report is made available under section 104, and the provisions of that section shall apply.

(E) A copy of each written communication with respect to the trust under paragraph (3)(C)(vi) shall be filed by the person initiating the communication with the reporting individual's supervising ethics office within five days of the date of the communication.

(6)(A) A trustee of a qualified blind trust shall not knowingly or negligently (i) disclose any information to an interested party with respect to such trust that may not be disclosed under paragraph (3) of this subsection; (ii) acquire any holding the ownership of which is prohibited by the trust instrument; (iii) solicit advice from any interested party with respect to such trust, which solicitation is prohibited by paragraph (3) of this subsection or the trust agreement; or (iv) fail to file any document required by this subsection.

(B) A reporting individual shall not knowingly or negligently (i) solicit or receive any information with respect to a qualified blind trust of which he is an interested party that may not be disclosed under paragraph (3)(C) of this subsection, or (ii) fail to file any document required by this subsection.

(C)(i) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who knowingly and willfully violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $5,000.

(ii) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who negligently violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $1,000.

(7) Any trust which is in existence prior to the date of the enactment of this Act shall be considered a qualified blind trust if—

(A) the supervising ethics office determines that the trust was a good faith effort to establish a blind trust;

(B) the previous trust is amended or, if such trust instrument does not by its terms permit amendment, all parties to the trust instrument, including the reporting individual and the trustee, agree in writing that the trust shall be administered in accordance with the requirements of paragraph (3)(C) and a trustee is (or has been) appointed who meets the requirements of paragraph (3); and

(C) a copy of the trust instrument (except testamentary provisions), a list of the assets previously transferred to the trust by an interested party and the category of value of each such asset at the time it was placed in the trust, and a list of assets previously placed in the trust by an interested party which have been sold are filed and made available to the public as provided under paragraph (5) of this subsection.

(f) Political campaign funds, including campaign receipts and expenditures, need not be included in any report filed pursuant to this title.

FILING OF REPORTS; DUTIES OF CLERK AND SECRETARY

SEC. 103. (a) The reports required by section 101 of Representatives, Delegates to Congress, the Resident Commissioner from Puerto Rico, officers and employees of the House, candidates seeking election to the House and officers and employees of the Architect of the Capitol, the Botanic Gardens, the Congressional Budget Office, the Government Printing Office, and the Library of Congress shall be filed with the Clerk.

(b) The reports required by section 101 of Senators, officers and employees of the Senate, candidates seeking election to the Senate, and officers and employees of the General Accounting Office, the Cost Accounting Standards Board, the Office of Technology Assessment, and the Office of the Attending Physician shall be filed with the Secretary.

(c) A copy of each report filed by a Member or an individual who is a candidate for the office of Member shall be sent by the Clerk or Secretary, as the case may be, to the appropriate State officer as designated in accordance with section 316(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 439(a) of the State represented by the Member or in which the individual is a candidate, as the case may be, within the seven-day period beginning the day that the report is filed with the Clerk or Secretary.

(d)(1) A copy of each report filed under this title with the Clerk shall be sent by the Clerk to the designated committee of the House of Representatives within the seven-day period beginning the day that the report is filed.

(2) A copy of each report filed with the Secretary shall be sent by the Secretary to the designated committee of the Senate.

(e) In carrying out their responsibilities under this title, the Clerk and the Secretary shall avail themselves of the assistance of the Federal Election Commission. The Commission shall make available to the Clerk and the Secretary on a regular basis a complete list of names and addresses of all candidates registered with the Commission, and shall cooperate and coordinate its candidate information and notification program with the Clerk and the Secretary to the greatest extent possible.

(f) In order to carry out responsibilities under this title—

(1) the Clerk shall, after consultation with the designated committee of the House of Representatives, and

(2) the designated committee of the Senate shall develop reporting forms and may promulgate rules and regulations.

ACCESSIBILITY OF REPORTS

SEC. 104. (a) Except as provided in the second sentence of this subsection, within fifteen calendar days after a report is filed with the Clerk under this title, the Clerk shall make such report available for public inspection at reasonable hours. With respect to reports required to be filed by May 15 of any year, such reports shall be made available for public inspection within fifteen calendar days after May 15 of such year. A copy of any such report shall be provided by the Clerk to any person upon request.

(b) Except as provided in the second sentence of this subsection, within fifteen days after a report is filed with the Secretary under this title, the Secretary shall make such report available for public inspection at reasonable hours. With respect to reports required to be filed by May 15 of any year, such reports shall be made available for public inspection within fifteen calendar days after May 15 of such year. A copy of any such report shall be provided by the Secretary to any person upon request.

(c) Any person requesting a copy of a report may be required to pay a reasonable fee to cover the cost of reproduction or mailing of such report, excluding any salary of any employee involved in such reproduction or mailing. A copy of such report may be furnished without charge or at a reduced charge if it is determined by the Clerk or Secretary that waiver or reduction of the fee is in the public interest because furnishing the information may be considered as primarily benefiting the public.

(d) Any report filed under this title with the Clerk or Secretary shall be available to the public for a period of six years after receipt of the report. After such six-year period the report shall be destroyed unless needed in an ongoing investigation, except that in the case of an individual who filed the report pursuant to section 101(d) and was not subsequently elected, such reports shall be destroyed one year after the individual is no longer a candidate for election to the office of Member unless needed in an ongoing investigation.

(e)(1) It shall be unlawful for any person to obtain or use a report—

(A) for any unlawful purpose;

(B) for any commercial purpose other than by news and communications media for dissemination to the general public;

(C) for determining or establishing the credit rating of any individual; or

(D) for use, directly or indirectly, in the solicitation of money for any political, charitable, or other purpose.

(2) The Attorney General may bring a civil action against any person who obtains or uses a report for any purpose prohibited in paragraph (1). The court in which such action is brought may assess against such person a penalty in any amount not to exceed $5,000. Such remedy shall be in addition to any other remedy available under statutory or common law.

REVIEW AND COMPLIANCE PROCEDURES

SEC. 105. (a) The designated committee of the House of Representatives and the designated committee of the Senate shall establish procedures for the review of reports sent to them under section 103(d)(1) and section 103(d)(2) to determine whether the reports are filed in a timely manner, are complete, and are in proper form. In the event a determination is made that a report is not so filed, the appropriate committee shall so inform the reporting individual and direct him to take all necessary corrective action.

(b) In order to carry out their responsibilities under this title the designated committee of the House of Representatives and the designated committee of the Senate, have power, within their respective jurisdictions, to render any advisory opinion interpreting this title, in writing, to persons covered by this title. Notwithstanding any other provisions of law, the individual to whom a public advisory opinion is rendered in accordance with this subsection, and any other individual covered by this title who is involved in a fact situation which is indistinguishable in all material aspects, and who, after the issuance of the advisory opinion, acts in good faith in accordance with the provisions and findings of such advisory opinion shall not, as a result of such act, be subject to any sanction provided in this title.

FAILURE TO FILE OR FALSIFYING REPORTS

SEC. 106. The Attorney General may bring a civil action in any appropriate United States district court against any individual who knowingly and willfully falsifies or who knowingly and willfully fails to file or report any information that such individual is required to report pursuant to section 102. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $5,000. No action may be brought under this section against any individual with respect to a report filed by such individual in calendar year 1978 pursuant to section 101(d).

DEFINITIONS

SEC. 107. For the purpose of this title, the term—

(1) "income" means all income from whatever source derived including but not limited to the following items: compensation for services, including fees, commissions, and similar items; net and gross income derived from business; gains derived from

dealings in property; interest; rents; royalties; dividends; annuities; income from life insurance and endowment contracts; pensions; income from discharge of indebtedness; distributive share of partnership income; and income from an interest in an estate of trust;

(2) "relative" means an individual who is related to the reporting individual, as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the reporting individual and shall be deemed to include the fiance or fiancee of the reporting individual;

(3) "gift" means a payment, advance, forbearance, rendering, or deposit of money or any thing of value, unless consideration of equal or greater value is received by the donor, but does not include—

(A) bequest and other forms of inheritance;

(B) suitable mementos of a function honoring the reporting individual;

(C) food, lodging, transportation, and entertainment provided by State and local governments, or political subdivisions thereof, by a foreign government within a foreign country, or by the United States Government;

(D) food and beverages consumed at banquets, receptions, or similar events;

(E) consumable products provided by home-State businesses to a Member's office for distribution; or

(F) communications to the offices of a reporting individual including subscriptions to newspapers and periodicals;

(4) "honoraria" has the meaning given such term in the Federal Election Campaign Act of 1971;

(5) "value" means a good faith estimate of the dollar value if the exact value is neither known nor easily obtainable by the reporting individual;

(6) "personal hospitality of any individual" means hospitality extended for a nonbusiness purpose by an individual, not a corporation or organization, at the personal residence of that individual or his family or on property or facilities owned by that individual or his family;

(7) "dependent child" means, when used with respect to any reporting individual, any individual who is a son, daughter, stepson, or stepdaughter and who—

(A) is unmarried and under age 21 and is living in the household of such reporting individual; or

(B) is a dependent of such reporting individual within the meaning of section 152 of the Internal Revenue Code of 1954;

(8) "reimbursement" means any payment or other thing of value received by the reporting individual, other than gifts, to cover travel-related expenses of such individual other than those which are—

(A) provided by the United States Government, the District of Columbia, or any State or political subdivision thereof:

(B) required to be reported by the reporting individual under section 7342 of title 5, United States Code; or

(C) required to be reported under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434);

(9) "candidate" means an individual, other than a Member, who seeks nomination for election, or election, to the Congress whether or not such individual is elected, and for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, (A) if he has taken the action necessary under the law of a State to qualify himself for nomination for election, or election, or (B) if he or his principal campaign committee has taken action to register or file campaign reports required by section 304(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a));

(10) "Clerk" means the Clerk of the House of Representatives;

(11) "Secretary" means the Secretary of the Senate;

(12) "Member" means a United States Senator, a Representative in Congress, a Delegate to Congress, or the Resident Commissioner from Puerto Rico;

(13) "election" means (A) a general, special, primary, or runoff election, or (B) a convention or caucus of a political party which has authority to nominate a candidate;

(14) "officer or employee of the House" means any individual, other than a Member, whose compensation is disbursed by the Clerk;

(15) "officer or employee of the Senate" means an individual, other than a Senator or the Vice-President, whose compensation is disbursed by the Secretary; and

(16) "designated committee of the House of Representatives and designated committee of the Senate" means the committee of the House or Senate, as the case may be, assigned responsibility for administering the reporting requirements of this title.

OTHER LAWS

SEC. 108. The provisions added by this title, and the regulations issued thereunder, shall supersede and preempt any State or local law with respect to financial disclosure by reason of candidacy for Federal office or employment by the United States Government.

GENERAL ACCOUNTING OFFICE STUDY

SEC. 109. (a) Before November 30, 1980, and regularly thereafter, the Comptroller General of the United States shall conduct a study to determine whether this title is being carried out effectively and whether timely and accurate reports are being filed by individuals subject to this title.

(b) Within thirty days after completion of the study, the Comptroller General shall transmit a report to each House of Congress containing a detailed statement of his findings and conclusions, together with his recommendations for such legislative and administrative actions as he deems appropriate. The first such study shall include the Comptroller General's findings and recommendations on the feasibility and potential need for a requirement that systematic random audits be conducted of financial disclosure reports filed under this title, including a thorough discussion of the type and nature of audits that might be conducted; the personnel and other costs of audits; the value of an audit to Members, the appropriate House and Senate committees, and the public; and, if conducted, whether a governmental or nongovernmental unit should perform the audits, and under whose supervision.

CODE OF ETHICS FOR GOVERNMENT SERVICE, 72 STAT. PART 2, B 12

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the following Code of Ethics should be adhered to by all Government employees, including officeholders:

CODE OF ETHICS FOR GOVERNMENT SERVICE

Any person in Government service should:

1. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or Government department.
2. Uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion.
3. Give a full day's labor for a full day's pay; giving to the performance of his duties his earnest effort and best thought.
4. Seek to find and employ more efficient and economical ways of getting tasks accomplished.
5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.
6. Make no private promises of any kind binding upon the duties of office, since a Government employee has no private word which can be binding on public duty.
7. Engage in no business with the Government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.
8. Never use any information coming to him confidentially in the performance of governmental duties as a means for making private profit.
9. Expose corruption wherever discovered.
10. Uphold these principles, ever conscious that public office is a public trust.

(Passed July 11, 1958.)

EXECUTIVE SESSION PENDING BUSINESS

THURSDAY, MAY 17, 1984

House of Representatives,
Committee on Standards of Official Conduct,
Washington, DC.

The committee met, pursuant to other business, at 10:15 a.m., in room 2359-A, Rayburn House Office Building, Hon. Louis Stokes (chairman of the committee) presiding.

Present: Representatives Stokes, Spence, Rahall, Conable, Jenkins, Myers, Dixon, Brown, Fazio, Hansen, Coyne, and Bliley.

Staff present: John M. Swanner, staff director; Jan Loughry, secretary; Linda Shealy, secretary; John Davison, chief counsel; Mark Elam, counsel; Paul McNulty, counsel; Robin Jackson, counsel.

Abbe David Lowell and Stanley M. Brand, Special Counsel to the committee.

Also present: Representative George V. Hansen, Nathan Lewin, Frank A.S. Campbell, and Stephen L. Braga, counsel to Representative George V. Hansen.

The Chairman. All members of the public are requested to excuse themselves from the witness hearing room. We are now in executive session.

The Chair is pleased to recognize the presence of Mr. Bliley, who is attending his first meeting of the committee as a new member of this committee, and the Chair would like to welcome you and say that we are very pleased to have you here in the committee. We look forward to working with you.

Mr. Bliley. Thank you, Mr. Chairman.

I look forward to working with you and the other members.

Mr. Myers. Not too often, though.

The Chairman. Thank you very much.

The Chair wishes to announce that the committee is meeting pursuant to Rule 14 which requires the committee to initiate a proceeding within the committee to make certain determinations. The Chair would at this time like to read the following statement into the record. The Chair has a very brief statement concerning a matter of the privileges of the committee and the House. As has been our practice in the past and pursuant to Rule 11(a)(2)(A), during this phase of the committee's proceedings the respondent is entitled to make a statement to the committee concerning the allegations with respect to which the inquiry is being held. Congressman Hansen has elected to present a statement to the committee under these rules.

The Chair intends to make clear that the Congressman's statement is offered pursuant to the rules of the committee solely for the purposes of facilitating the exercise of the constitutional authority to discipline Members delegated to the committee by the House; in the committee's view it constitutes neither a waiver of any constitutional right of the Member, including the rights conferred by article I, section 6, clause 1 of the Constitution or of the rights of the committee under that section. In the Chair's view, subsequent use of the statement outside the committee in any other forum, or questioning surrounding its content or the committee's consideration thereof, is inconsistent with the performance of the constitutional functions committed to the House and its Committee on Standards of Official Conduct and is constitutionally barred under the clause.

At this time the Chair would recognize special counsel, Mr. Stan Brand, to explain the procedural posture, and after he has done this he will then yield back to the Chair.

Mr. BRAND. Thank you, Mr. Chairman.

On April 2, 1984, Congressman George V. Hansen was convicted of four counts of 18 U.S.C. section 1001, the Federal false statements statute for filing false financial disclosure statements required under the Ethics in Government Act. The offenses for which he was convicted carry a maximum sentence of at least 1 year imprisonment. Rule 14 states that when such a conviction occurs, the committee shall conduct—

> A preliminary inquiry to review the evidence of such offense, and to determine whether it constitutes a violation over which the committee is given jurisdiction under clause 4(e) of Rule X of the Rules of the House of Representatives.

As part of this preliminary inquiry, the committee appointed special counsel, and we have reviewed the entire trial transcript and the exhibits, all of the pretrial and posttrial motions. We have had numerous and extended meetings, conversations, and correspondence with counsel for Congressman Hansen, and we have discussed the procedures for this proceeding with the committee staff.

The committee Rules provide that during the preliminary inquiry, a Member has an opportunity to make a statement, which Congressman Hansen elected to make. Following this hearing, Special Counsel will prepare a report upon completion of the preliminary inquiry, and make a recommendation with respect to determinations required to be made by Rule 14.

The CHAIRMAN. Thank you.

At this time the Chair wishes to recognize Mr. Nathan Lewin, who is Congressman Hansen's counsel, for a brief statement.

Mr. LEWIN. Thank you, Mr. Chairman.

Pursuant to discussions with counsel and staff, I understand the committee, in terms of its procedure today, will permit me to make a brief introduction, and make some comments regarding the various legal circumstances of the case, and the trial that had been conducted following which of course the Congressman will make his statement to the committee.

Let me just say to the committee that I came in to represent Congressman Hansen as trial counsel just a short while before the trial was scheduled to begin in the District Court for the District of Columbia, and I am a trial attorney who has been, I guess, involved both in civil and criminal matters, both in the District of Columbia and elsewhere throughout the United States, and maybe it's useful, I thought just to begin just as a preface to the brief comments I will make as an introduction, to speak as a trial counsel to a couple of questions that I am sure are in your minds as you sit there, the main principle and first one of which is that there has been, as Special Counsel stated in the introduction, a jury verdict, which triggers this proceeding.

There was a trial lasting almost 2 weeks in the U.S. District Court for the District of Columbia on four counts charging violations of the false statements statutes, and there was a verdict, and the question, the initial question I suppose you can say to yourselves is, what is the impact of that verdict?

Well, I submit to you that for a variety of reasons, the verdict triggers the proceeding, but has no other effect, and I think from our discussions that Special Counsel is in agreement with us on that proposition, and that is true for several reasons.

As a trial lawyer, I have been through situations where jury verdicts have been set aside both by trial judges after the trial, because they thought that those jury verdicts were contrary to the evidence, and by courts of appeals, so as a strictly legal matter the jury verdict itself is still at the present time a preliminary, temporary determination, but there is more to it than that I think, besides the fact that the jury verdict is in a legal sense still not a final factual decision on anything.

I think the realities—and we have tried to reflect that somewhat in this briefing book that we distributed to the committee members the other day—the realities of this trial are such that I think certainly all the Members of Congress who are here, and have been in Washington, know the atmosphere within which this trial was conducted. It began at a time when the Washington Post and all the media in Washington were literally saturated with stories regarding Attorney General-designate Meese, and the effect of a failure on his part to list things in his Ethics in Government Act form.

The jury, much to our surprise, was locked up, and over our objection was locked up because of this publicity. We objected to the publicity. We said the trial should be held in some slightly more neutral forum such as even Baltimore or Richmond which are not so far away. The judge refused to travel to Baltimore or Richmond every day, instead decided she would lock up the jury just at the very height of the publicity, so all those jurors suddenly were taken out of circulation at a time when all they knew was that the whole country was looking at Meese, at Hansen who was named in connection with lots of the stories concerning Meese, and at the Ethics in Government Act form, and I think quite frankly that they viewed it as sort of a public citizen's duty to return a verdict against anybody who was charged with a violation concerning the Ethics in Government Act.

Those circumstances as a matter of reality I think have to impact upon you in considering why the jury returned the verdict it did.

In addition, we have briefly adverted to in this memorandum we submitted to you the various other factors that went into it, which were the fact that the trial didn't really focus on the Ethics in Government Act at all and on the violations in terms of the false statements. They really focused on extraneous matters, attempts to impress the jury with huge figures, with claims, or just simply assertions that this was political corruption when it was not, and I think the evidence clearly demonstrates it was not, and attempts to override the advice that Congressman Hansen had received from his attorneys by putting a legal expert, a high Government official, who in the executive branch administers the Ethics in Government Act, on the witness stand, to testify that Congressman Hansen's attorneys were wrong in the advice that they gave him.

Now, that I think clearly appears from all legal standards, is really quite beside the point. The fact is that Congressman Hansen did receive advice from lawyers as to how to complete that Ethics in Government Act form. He completed it pursuant to that advice, and consequently there was really no evidence that would have justified the verdict that the jury returned in that case.

That brings me also as a trial lawyer to another point which I would like to make briefly, which is I am a trial lawyer now who in the private bar represents private people, frequently criminal defendants, but I have been a prosecutor. I represented the United States for many years, and I prosecuted criminal cases. And as a former prosecutor, I know what a potent weapon a statute which requires reporting from anybody is. I think everybody in this room is aware that the Ethics in Government Act, because it requires all Congressmen, judges, certain high-level executive branch personnel, to submit such reports, really provides an opportunity, if it can be used in the way it was used in this case, for prosecutors and the executive branch to be conducting not merely prosecutions—you have before you completed prosecution—but investigations, to determine whether an Ethics in Government Act form is accurate or not.

This case, and I think we have tried to develop its genesis in this book, did not start as an Ethics in Government Act investigation. It began because Congressman Hansen brought to the Department of Justice, at the highest possible level, a charge that he had been the victim of a blackmail attempt. The Department of Justice conducted an investigation of the blackmail, but was more interested, quite clearly, in seeing whether what was said in the blackmail letter, that there was a bribe given by Nelson Bunker Hunt to Congressman Hansen, whether that was true, and if it was, it obviously would be a feather in the cap of any prosecutor who could prove it by investigation, although Congressman Hansen cooperated from the very inception of this whole matter, and brought it to the Department of Justice. The fact is, the result of 2 years of investigation was that there was no evidence whatever of anything improper, of any bribery, and as a result the prosecutors who said that they could find no quo for the quid, or the help that Mr. Hunt provided by way of advice to Mrs. Hansen, and he explained at the trial that he provided it because he recognized that Congressman Hansen had been attacked by a Congressman who had attacked Mr. Hunt's father in the past, and that was one of the reasons he felt that he would assist the Hansens in the way he did, which I must say was a relatively minimal form, because what he did is he suggested to Mrs. Hansen that she invest in commodities futures, and when the result of that investment was a substantial loss, Mrs.

Hansen was expected to pay that loss to the bank, to the broker and ultimately to the bank, or ultimately to Mr. Hunt. But in any event, they investigated thoroughly the relationship between Mr. Hunt and Congressman Hansen, and found absolutely nothing, found no quo, as they said, in exchange for the quid, and the result was that they didn't prosecute for bribery, because they had no evidence of bribery.

They didn't prosecute for improper gratuities because they had no evidence of improper gratuities, but they prosecuted for what I submit is an area that anybody can be investigated on, which is—and I think a substantial number of people maybe who either amended their forms or maybe have not amended their forms might even be found to be culpable of, which is failure to list some things on a form.

Now, that, I think, is not a proper use of the Ethics in Government Act, criminal prosecution for failure to list something on a form. And we submitted, of course, to the trial court before the trial motions to dismiss the case precisely on that ground, that the Ethics in Government Act did not provide a criminal sanction and does not authorize the Department of Justice to proceed by way of criminal sanction when they believe that somebody has omitted something from the Ethics in Government Act form.

The legislative history, with the exception of one or two comments, strongly supports that. Nonetheless, the district judge denied it. It is an issue that we will have, if an appeal is necessary, but it is certainly an issue which I would think this committee would direct its attention to, because if in fact what happened to Congressman Hansen is permissible, and if in fact a prosecution can be conducted from a misstatement under the Ethics in Government Act under 18 U.S.C. 1001, then everybody who possibly makes a misstatement or omits something is subject to prosecution, and everybody whom a prosecutor thinks may have omitted something is subject to investigation, and that, it seems to me, is a very key element that every Congressman or Congresswoman can be subject to an investigation of their assets to determine whether they have omitted anything on the form.

So far as the evidence at trial is concerned, and the defense at trial, the defense was a very clear and I think overwhelming one, because it was not a defense which a trial, either trial counsel devised or something that a defendant thought of shortly before trial. In the documents that you have before you, you have clear indications that as of September of 1981, Congressman Hansen had reported this matter to the FBI. They came out. They saw him. It appears as tab 5 in the book of appendixes, September 1981. The FBI goes out to visit Congressman Hansen and they say to him, "Why have you not put this asset, this silver profit, on your Ethics in Government Act form?"

And Congressman Hansen says he had discussed this matter at length with his attorney James McKenna and John Runft. A consensus was reached among them because of a division of property which he and his wife had obtained in the State of Idaho at least 1 year prior to his wife's silver contract purchases, any actions entered into by his wife are not subject to disclosure in the financial disclosure statements.

That is what was said in September 1981. That was the exact defense in April of 1984, at his trial, and the point being that everybody was on notice. The FBI was on notice from the time they first asked him why are Mrs. Hansen's liabilities not on the Ethics in Government Act form that he had been so advised by his counsel.

But beyond that, the documents which you have before you and that appear in this appendix and that are referred to in that little book that we have given you show that this committee, or the Select Committee on Ethics, was on notice of that fact back in 1978, when the first financial disclosure obligation was created. At that point there was ample correspondence between him and the chairman of the Select Committee on Ethics, which stated that this separation of property agreement had been entered into between himself and his wife, and that as a result of that, Mrs. Hansen's assets and liabilities would not be reported on the form, and the letter specifically said, "I request confirmation of the accuracy of my report."

Given those facts, the committee did not, certainly it did not say we need more information, it did not say you must report those things because they are reportable under the Act or under House rule, and Congressman Hansen proceeded as he said, it was a decided matter in his chambers from then on; his staff attorney, Mr. McKenna testified to that. It was a closed issue, and there was no question that from then on Mrs. Hansen's assets and liabilities would not be reported on disclosure forms.

It is important to emphasize in that regard I think that this property settlement agreement—and it appears as tab No. 17 in the books that you have before you—it is an agreement that was entered into in 1977, and it is the key or the reason why the Congressman did not put on his Ethics in Government Act form debts that Mrs. Hansen had. But that agreement had nothing to do with disclosure. It was not devised by an attorney in Idaho for purposes of avoiding any disclosure requirement.

At this point, as you will hear from Congressman Hansen, and as the trial record amply demonstrated, he was in great debt. He had enormous financial obligations to people, individuals who had lent him substantial amounts of money, to see him through a period of time, a substantial total of money to see him through a period of time when he was being politically challenged from all sides, and subject to legal attack.

These people he felt had to be paid back, and the question was with the change of House rules in March 1977, how were he and Mrs. Hansen going to get the funds to pay those people back. And an attorney in Idaho, a leading member of the bar there, very well respected, suggested to him that the way to do it was by a property settlement agreement, nothing to do with disclosures, nothing to do with trying to conceal anything that his wife either had or owed. As a result of that advice, they entered into this agreement in 1977. In 1978 the disclosure question came up, and when the disclosure question came up, at that point the attorney in Idaho said, perfectly consistently with what had been done in 1977, "If your wife has assumed all the liabilities, and she is separate from you pursuant to this property settlement agreement as somebody who would be living with you without the benefit of marriage, then her assets and her liabilities are like assets and liabilities of somebody who is living with you without the benefit of marriage, and they are not reportable. They are simply not reportable."

If there are people subject to the act who are living with others and there is no marriage, then obviously that other party's assets and liabilities are not reportable, and the effect of this agreement was only to do that, and not to do anything more.

The tragedy really at the trial was that the judge permitted the prosecutor to imply to the jury and suggest to the jury that the property settlement agreement had some broader effect, and had to have been carried out in some way other than merely the legal consequence that grew out of the agreement, and a big issue was made about whether Congressman Hansen or Mrs. Hansen had separate checking accounts or owned property in their separate names, which they did not, but that was not what was required under the agreement.

Ultimately, the ultimate question for the jury—and I submit it certainly is a question for this committee in determining whether there was any impropriety that would be covered by the Code of Conduct and by the ethical standards—is whether there was any motive or any reason to do anything improper. We have pointed out in our briefing book that if these particular loans—take the first loan, which was a loan made in 1977, but it was a loan that still existed in 1979—if that loan had appeared on the Ethics in Government Act form, it would have looked—and on page 38 we have given you sort of a depiction of how the form would have looked if that loan had been included—it would have been the seventh, it would have listed seven instead of six loans from banks on Congressman Hansen's form for that year. It would have had no effect, no impact.

There was no motive to conceal. There was no reason to do anything that was improper. The reason that that was not put on that form was precisely because the attorneys said to him, "It's your wife's liability, there is no reason for it to go onto that form."

The standards that this committee certainly is guided by are the standards of rule 43, which very broadly set down the ethical guidelines, but their purpose is to prevent misconduct, to prevent things which either bring discredit on the House, which are done for personal gain, personal enrichment. The cases and the instances where this committee has determined that there were violations and and determined to impose discipline have been instances where there has been personal enrichment of some kind, where there has been some form of influence peddling.

The investigation of the Department of Justice turned up absolutely nothing in that regard, so far as this case is concerned.

There has been no unjust enrichment. There has been no influence peddling. There has been no sale of office. There has been none of those things, and consequently really what Congressman Hansen finds himself here on is a charge that he did not adequately describe his total debt or his and his wife's total debt. That, I submit, is not a violation of the ethical standards. We think that the evidence certainly did not support the jury verdict. It does not support any finding of any violation here before this committee.

To do so, as I say, would open the door I think to efforts to investigate other Congressmen. Indeed, as we indicate in our book, just a review of the submissions that were made indicate that there are omissions in many other reports of congressmen of various kinds, and it simply would be an invitation to do that.

What the prosecutors have done in this case I think is really described by Justice Brandeis in his famous dissent in the *Olmstead* case. It is something which certainly they should have borne in mind and which I am sure will be in the forefront of the committee's mind. Justice Brandeis said that "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well meaning but without understanding.

This effort to use the Ethics in Government Act, and the criminal statutes by people of zeal at the Department of Justice who could find nothing else against Congressman Hansen is a very dangerous precedent, and I submit it is the kind of thing that this committee's response to should be one both of rejecting what they have done and applying an independent review of the evidence which I think would result in a determination which the jury should have arrived at, and which I think a judge or a court of appeals ultimately will arrive at, that there was absolutely nothing that was done that was wrong by Congressman Hansen with regard to the Ethics in Government Act forms.

The CHAIRMAN. Thank you very much, Mr. Lewin.

At this time the Chair will recognize Mr. Hansen for his statement.

Pursuant to the rules of the House, I will ask you to stand and be sworn. Raise your right hand. Do you solemnly swear that the testimony you give before this committee in the matter now under consideration will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. GEORGE HANSEN. I do.

The CHAIRMAN. Thank you. You may be seated.

The Chair recognizes Congressman Hansen.

TESTIMONY OF HON. GEORGE V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. GEORGE HANSEN. Sorry, Mr. Chairman, I have a pretty bad cold and I end up with sweats and lapses of speech and a few other things, so I hope we can get through this all right.

I appreciate the opportunity to appear before you and the good members of this committee, and I appreciate also the opportunity of being sworn, so there is no question about the fact that what I say is the absolute truth.

The right to trial by jury was designed to give a person who is accused of an offense an opportunity to present his case before his peers. Today—for the first time since I brought a blackmail letter to the Department of Justice more than 3 years ago—I feel that I am being given that opportunity. For the past 3 years I have had to respond to baseless insinuations by investigators and prosecutors who had motives other than achieving justice, and I have had to defend myself before a jury composed largely of present and former executive branch bureaucrats who were easily misled, affected by current headlines, and inflamed against a Congressman described by a prosecutor as "politically corrupt" or "unethical."

All I ask of you today is to judge the evidence fairly and realistically. I know that the charges made against me in Federal court are baseless, and I have enough confidence in our system of justice to believe that this truth will ultimately prevail. I know that I committed no criminal or unethical act in filling out my Ethics in Government Act forms, and I believe that if you take the time and trouble of measuring the prosecutor's charge against the proof, you will also be satisfied that I am completely innocent. Please do not assume that simply because a jury has returned a verdict, the evidence proved the Government's charges. It did not. Take the trouble to look at the documents and the key testimony yourself. If our roles were reversed and I were judging you, I would not act on any presumption or assumption of guilt. I would rely on my own independent judgment, and I ask you to do the same.

Mr. Chairman, I think that I would like to depart from my statement for a few moments, and tell you what I consider to be a tale of terror for me and my family that has been going on for the past 10 years. You know, I was here in the Congress for two terms in the 1960's and I dropped out to run for the Senate, was not successful, worked in the bureaucracy for 2 or 3 years, went back home, learned what the system was about again, came back to Congress in 1974 or 1975. In the 1974 election, I ran into a situation that was unbelievable. We had a colleague here at that time by the name of Wayne Hays, and Mr. Hays was over the House Administration Committee, and we were in a period of transition, and there was a movement to form a Federal Election Commission, and this created some trauma and argument, political argument, whatever, in the place. I defeated one of the members of that committee, who apparently was a good friend of the chairman, and somehow in the process roiled the waters. The issues were rather strong in our area, and there were a lot of charges and countercharges politically that developed from it.

In the process, a lot of underhanded tricks developed, and they weren't partisan necessarily, but there were people in both parties involved, so that is not here to excoriate any political party or anything else. It is just to recite events as they happened.

The State treasurer of the opposite party in my State, upon request of certain political elements here in Washington—this was developed in court cases—took my credit report improperly and illegally, and disseminated it back here, got on an airplane and came back and brought it here to the office of the person who I defeated in the primary election, and it was passed on to the committee, an act that was not only improper but illegal. This illegality was going all the way from the courthouse to the Capitol building here in Washington, so to speak.

There were a lot of other things going on, crazy charges, with John Hansen having 35 felonies and all of this, over a lot of poppycock that all evaporated.

In the process we called the FBI in because of the violation of my credit, and because of the fact that things were getting out of hand and political charges and countercharges, felt that it was right to send over to the Justice Department, it was sent over unanimously, that all sides would be investigated.

We went through a period of one FBI investigation and the chairman wasn't satisfied. They came back with a second FBI investigation and he wasn't satisfied because they hadn't found anything, so they came back for a third FBI investigation, and finally the FBI, the Department of Justice wrote a letter to Chairman Hays and said substantially that there are no felonies. Maybe one or two technical misdemeanors on the way the reports were handled.

Well, in that particular time with the new law, the FEC law, it was interesting, because there were thousands, and I mean literally thousands—and I am sure most of your memories recall technical violations of the law at that time because of the complexity of reports and whatever. I think someone counted up over 10,000 violations in a couple of elections. Virtually everyone was involved. Nothing substantial, mostly trivia, very technical. Some committees didn't even make reports. Some Congressmen and Senators, rather than take the responsibility, in fact most of them, said: Well, that was a technical error, the committee took care of it and they washed it out because it was the committee doing it.

In my case, I had a high-school girl, and a college teacher working part time running my campaign. I was running against the incumbent, and for a time I had to handle my own finances, and then we got the committee formed. It's a little difficult to run against an incumbent, particularly in a primary, as most of you know, and so I had an independent bank account and then I ended up getting the committee to take over the bank account.

The first report that happened, the report was late getting in, because the clerk mailed the report late partially; we didn't receive the forms on time, but we had inexperienced people. It was a new law, and then when the forms got there, the inexperienced people filled out the forms, but they got the reporting date and the closing date mixed up, but we finally sent it in. It wasn't unusual. In Idaho alone, as I understand it, there were some 50 of that same type of error in that election, including every Congressman, Senator, and challenger. Senator Frank Church, for instance, had one committee that didn't even get his reports in for the whole primary election. I was singled out at that time to have the investigation, and all they found was one late report and one case where we put $2,150 on one form rather than the other—and why? Because the new committee had inadvertently collected money and put it in the candidate account instead of their own, and then they transferred it over. And so when we made the reports, we reported it on the committee account, didn't put it on the candidate account because it had been designated there in the first place, and the Justice Department got so close with it under the pushing of the chairman that they said, well, that was a technical error, because it should have been, technically, reported because it went into that account. But it was on the reports. That is what we are talking about—very technical.

We didn't think that it was anything even enough to worry about before a judge that would look and see what the situation was. I am building this because this is the foundation for the whole problem we are in, and I hope you will bear with me for a moment.

The fact is that I didn't feel I could afford $35,000 to go over and establish the fact that we technically were innocent of any charges, and so we went over and there was no plea bargaining, no nothing—just said, yes, it happened, and the judge, apparently caught up in the afterglow of Watergate—and it was the day after the milk thing of Mr. Connally—the decision had been made there, the judge apparently was caught up in some of the rhetoric that flowed in the newspapers, and somehow thought that I had taken money, and so he pronounced a jail sentence. And you know what that can do to a person in public office. He pronounced a jail sentence. A week later—and you don't very often see a Federal judge or a referee in a ball game call back a play—he called back the play and he admitted he had been in error. I felt a little bit like the man under the tombstone on Boot Hill which said, "Hanged by mistake," but it wasn't funny. And so he said if all that was done, that an entry was put on one form instead of the other in a late report, he scolded the Justice Department: Why is it here in the first place? And there was a little foot scuffling and this type of thing.

Well, the judge was embarrassed. The whole thing was embarrassing, and before it was over, well, he totally rescinded the jail sentence, and we had a fine for each of the counts, which probably wouldn't even have happened if the thing had been handled right in the first place, because it was so miniscule. And I was the only one ever prosecuted under that law, with all those thousands of violations.

Well, the problem is that that cost a lot of money, and I have never had the opportunity in political office, and you know what it is, to live down the fact that every time my name is hyphenated, in every news release that came out since that time, Hansen who, Hansen who is indicted, Hansen who is charged, Hansen who had a jail sentence, and they never forget and it is tough on a person's integrity and his personal being. I am surprised that my mother will even speak to me yet, with the things that have been said.

Well, we went on and also established that my credit report had been illegally taken. We went to the circuit court of appeals. It took 2 or 3 years, and we won and we received a judgment, some $10,000. Well, it was token, but at least it was telling. It told what had happened. So I went through that experience to start with, and 2 or 3 years up and found the courts with lots of lawyers and lots of accountants and three FBI investigations, and then the next election I had suffered a considerable amount of expense in my political account alone, the billboard account, and my committee went out and got a couple of Congressmen and sponsors to sign wholesale mail, as you all know, direct mail across the country, to try to raise that, and because it was kind of a populist cause people responded in $5, $10, and $50 checks, none of which had to be reported under the rules, and because you know when a person works for a Governor or a political person of the other party you don't want to expose them unless it is absolutely necessary, so we didn't report anything except that which should be reported, and that was over the $100 limit at that time.

Well, that meant that you reported large amounts of money received without itemization, and the opposition came back and said, "He is covering up, he is not itemizing," and we ended up then with two FEC investigations, and we survived those, both cases saying that we totally were clean. They came out, they took a look at all those crazy little contributions, highly unusual in most campaigns, and said: "Well, we didn't believe it, but obviously it's a populist situation." And they packed up their bags, went skiing in Sun Valley and came back. Well, that is the kind of thing that went on.

Then the next year we had charges, political charges, that I hadn't been filing my income taxes properly, and those things naturally developed about 10 days before the election, and since then we have found that the head of the Criminal Division in the Internal Revenue Service, in an adjoining State, was leaking information on my taxes, and erroneous information at that, to my political opponent's treasurer, and I have got the letters of confession and everything that it did happen, and not only that. We also have other documentation now where IRS people are stating that the district director in the State of Idaho was meeting in motel rooms with my opponent discussing my taxes, and writing press releases.

Now, you know when you have had your taxes violated, you have had your credit reports violated, you have had all of this sandbagging going on, I don't care which political party, it is no fun, and it is not partisan politically.

I remember the IRS doing a job on a fellow named Senator Joe Montoya a few years ago when he opened hearings on the IRS, Democrat from New Mexico. Senator Montoya was alleged to not be paying his taxes correctly. After the election the announcement came his taxes were in order but he was defeated. Senator Ed Long of Missouri the same way. I can give you a few instances because I have been a lightening rod and collected it and I have had people challenge it and say it is not true, but it is very interesting that I sic people like Morley Safer and Mike Wallace on, when they come in and say is it true, and they go to committee staff and other people and say that is wrong, that is off base, but they find it is true and they put it on "60 Minutes" and they have to stand for it with the probability of being sued. So it is true, and we have proof.

These dirty tricks have been happening, and it has been a nightmare for 10 years, gentlemen. It has been a nightmare, and it has cost a lot of money. When the toll started running up, and my wife and I we borrowed one hundred bucks and pooled our money, we got married. That is how we started. Many of you started the same way. We are not independently wealthy. And so for the privilege of public office we have had to put up with a tremendous amount of debt that was not brought on by ourselves, not that we couldn't handle our family budget.

Well, we went to the Federal Election Commission after those expenses mounted, and nobody, you know no one knows better than Congressmen how far the paycheck does not go here, because of the dual expenses of living in the district and living here and so forth, so we sent and asked the Federal Election Commission, is there any way that we can pay politically incurred debts by going out in a political way on a subscription or something else. They said they didn't object, in so many words, as long as we didn't buy billboards with them. In other words, put it in a campaign.

Then we came to the House Ethics Committee in those days and asked—and about that time there was some problem over certain members apparently having used political funds or whatever for their own purposes, and the doors were slammed down, and we ran into the door, so there we were in a dilemma. My wife being a bit of a fighter. she said, "Wait a minute, Idaho is a community property State and I am liable for half of those debts, and the children and I are saddled with this and it's no fault of ours." And she also said that "If George dies, I have got them all and what am I going to do?"

So she wrote a letter to the chairman of the committee at that time, Chairman Preyer, and she advised him that she had her rights, that she wasn't property of the Congress of the United States, that she was an independent individual, and she ought to have the right to survive, and that she was going to ask that our property be divided and she was going out and at least take care of her side of the debt.

And we advised the committee, there was no effort to ever hide any of this, and certainly we took a heck of a bath for advising. When we had the property separation agreement, and she started out to go out collecting money, Jack Anderson and some of the press called her "tin cup Connie" and there was abuse like you wouldn't believe, and it is not easy to survive in the political shooting gallery with that kind of abuse.

And so she did collect some funds, and it helped some, and she ran into—at political gatherings she ran into a guy named Bunker Hunt who happens to be in a sense, I guess, philosophically akin to our side of the aisle, and so he and my wife have relatives that all come from the same area in Arkansas. It was one of those things where they had lots to talk about, and he knew about her problem and he said something to the effect, "I would like to help you, but I can't, I don't want to really get directly involved, but maybe we can give you some advice on how you can help it." And so he had a stockbroker call her.

Well, it is not really much different than a person referring an insurance man to someone or anything else, a technical adviser. Well, the stockbroker did call her one day, as I understand, and she was conducting conversations, but I guess I have heard it so many times I can repeat it, and he called her and he said, "I understand soybeans are moving pretty well and Mr. Hunt told me to call you and maybe you would like to get involved in the market." And she said, "I don't really know anything about it. I have never done anything like that before. You are going to have to help me."

So he gave her some advice, and so the hot tip, and he advised her into a $33,000 loss. And so then she had the problem of dealing with that, in addition to the rest of the burden, and so Hunt called her and he said, "Well, I feel kind of bad about the way things turned out." He didn't offer to pay her bills. He said, "If you are having trouble and you are trying to do it independently from your husband, if you want I will help you get a bank loan or something like that."

So that is what happened. And so she did get a bank loan, a $50,000 bank loan to cover that, and kind of take care of some of the problems she had at hand.

Well, with the bank loan, this is where the interesting thing develops. Now, all of this happened before the Ethics in Government Act passed. The separation agreement, all of this. So there was no effort to contrive a document to get around a reporting law. This all happened before.

Well, we passed the Ethics in Government Act. I think most of you remember and understand that it was done with the idea that it would be civil fines, that the whole idea is that you reveal what your involvement is so that the voters can know, because that is the ultimate judge, and so there were civil penalties derived. Now, by the Justice Department coming along and involving law that usually is there, as most of you know, for false statements to the Government for employment forms and for doing business with the Government, bids, and this type of thing, they went over and hauled over a law that has never been applied before, and piggybacked it on the Ethics in Government Act, and the Ethics in Government Act had called for two things:

If you file and you blow it and people feel that you need to be disciplined, $5,000 is the maximum—excuse me, if you don't file, $5,000 is the maximum. If you do file and you make a mistake, and it can't be resolved, apparently $5,000 is the maximum there. By them bringing the failure to disclose law in with the criminal penalties or the false statement law, what they ended up doing is making it an incentive not to even file, because it only costs you a civil fine if you don't file, and you can go to jail if you do file, and make a mistake that someone wants to charge you with.

It is absolutely inconsistent, I feel, with the spirit of the law, and with the intent of the law as it was passed by the Congress, and I feel that these people have contrived a law for their own benefit to take care of whatever their feelings seem to be for me or whatever they are trying to accomplish, and the concern I have is if they can do it to George Hansen, who went through this war and got very careful, believe me amateur hour was over when I got in the tangle with Wayne Hays and the credit people, and I started hiring attorneys and accountants, and it cost a lot of money, and we did that year after year, and we followed advice.

Now, if the care I exercised over the years in trying to deal with this problem by being very precisely careful with legal and professional people, if that isn't sufficient, how about the other 534 Members of Congress who haven't had that fire going on around them, and have filed their reports more casually.

Now I bring to your attention what U.S. News and World Report said when my indictment happened. They came out and said 140 Members of Congress rushed in and changed their reports, and what they said they were for sounded rather substantial. My gosh, that is enough to call for the Justice Department if they wanted to play selective games, to come up and get 140 other guys and bring them down to the grand jury and ask them to explain why they changed their forms. That is the danger that exists in something like this. And maybe there is no reason why you have to go down there, but the very fact that any member of this body gets called to a grand jury for whatever superficial reason it may be, it is going to go to the press and you are going to have to deal with it and you never get rid of the taint of that type of thing—and you know it. That is what I have had to deal with.

So what we get down to, what the prosecutor said is that when I went to the attorneys and said: Here I have a $50,000 loan that my wife made and we have a separation agreement, and it seems to me that it is rather inconsistent for me, for us to be separated, for her to go out and take care of her problem and they try to include her and report her in my reports, that seems to be inconsistent, and somebody could question that, and I said should I report her? I don't know. And they said you have an agreement that says she is separate. She is not constructively under your control, and so you do not report here. That is the advice.

And I didn't go to one attorney. I went to two attorneys, and then I sent letters to the committees and I said I am filing this way and my wife is separate, and if there is something wrong with this, please advise, and I think I have the right to rely on the advice of the committee as well as my attorneys, and on the law, and we made every attempt to do it, and if that isn't good enough, heaven help the rest of the Members of Congress.

I really worry about it.

I have spent $100,000 gentlemen. I have been in with the leadership and the Speaker of the House for months. As we went up to the Supreme Court, trying to protect first the integrity of the House of Representatives and to keep them out of here in general, that you wouldn't have a police state running the Congress. I spent $100,000 before I even got down to my own case, and the Speaker and others were concerned. They said: My gosh, you mean this whole furor is over the fact that you owe money? You haven't stolen anything, you haven't misappropriated anything. They are hollering at you for the way you spent or handled your own money. Braden and Buchanan, on "Crossfire," when I was on there, got down to the end and said, "Congressman, did you pay taxes on your $87,000 ripoff?"—or whatever they called it. And I said, "Of course I did." Braden got on it, said, "If you paid income taxes on it, they want to put you in jail for not putting it on a form!" That is how ludicrous it gets to the outside world, I think, and that is how you have to feel.

What the prosecutor says, because I didn't report that, "Mr. Hansen, I want you in jail for as much as 5 years, and I want a $10,000 fine." And then after my wife was not able to pay that loan off to the bank, later on it was assumed by Mr. Hunt, and she owed him, and there was no question but what she owed him, and I asked the lawyers again, "What do I do with this?" They said, "It's hers, not yours, and you don't report it." So I didn't report it again. For that the prosecutor wants another 5 years in jail and $10,000.

Now, gentlemen, I would have been better off robbing a bank, because I don't think you get that much time for a bank robbery anymore.

And the third thing. Then we had a broker call her and he said, "Well, silver seems to be moving. Mr. Hunt told me to call you," and I guess he felt maybe he would try to give her another hand, and I don't know how much of a hand those things are, and considering the bath she took it was pretty risky, but nevertheless she turned out making a $87,000 profit. When you net out, it wasn't very much between what she lost and what she made. But, again, the assumption was if it is hers, not mine, you don't put it down. That is 5 more years in jail and $10,000.

That is what we are talking about, and that is three of the charges. Well, this thing has gone on and on for years, and it has cost a bundle of money, and I have taken a bath every year, and as counsel says, I took this thing to the Justice Department. When the blackmailer hit, Bunker Hunt got a blackmail letter, and you have the records there. But it said, "I have reason to believe that you helped the Congressman's wife and in a sense bribed that Congressman by helping his wife with a $87,000 trade, and I am going to go to the authorities if you don't give me $440,000." And then he started describing what he was going to do with the money. It sounded like either a drug-running effort, something very dangerous, maybe a revolutionary situation in the Caribbean.

I went to the Justice Department. I took the lawyers for Hunt, I took the lawyers for my wife and I took my lawyer and I went over and I turned it in in good faith and I said here is what it's all about, and I gave them the transactions. I have an attorney that told me that the way the Justice Department has behaved we honestly don't think they could find a zipper in a button factory, because we gave them everything. We gave them the lead. They didn't discover anything. They didn't come to me. I went to them. And did they do anything to offer me protection? Did they do as I suggested and take the document also over to the State Department in case there was some kind of a problem regarding foreign policy or something else? I have no evidence that any of that ever happened, and the guy wanted $440,000 deposited in the Grand Cayman Bank so it was offshore. We knew where he was going with it.

Well, then they found out in the course of the investigation that the man apparently also had stolen money, as much as $200,000 in bucketing, in bucketing or skimming on accounts in a brokerage, and it is very interesting that when the Justice Department brought prosecution, they gave him a blackmail misdemeanor, let him off with no fines, no jail sentence, 75 hours of negotiable civil or civic service, community service, and that was all. But worse than that, plea bargaining is one thing. They let him keep the money that he stole, on the condition he pay his income taxes on it. Now you explain that to me.

We have plenty of records that indicate to us, one, that the Justice Department lied to the magistrate about the man's offenses, and two, they let him keep the money, which is highly, highly unusual, and three, we even have reason to believe that the Government, through the blackmailer, even may have had a part in writing the blackmail letter itself. It is a very bizarre story, but that is aside from my own situation. But when you have your credit report involved, you have your taxes involved, you have all these things, believe me, you could write a book on horrors, and this has been a horror story.

To get back to the script, my counsel has given you some briefing materials that provide the framework of the charges and the evidence. My lawyer and I think—and we believed at the time of my trial—that the evidence conclusively established that when I did not list my wife's debt to a Dallas bank and her profit in a silver commodities transaction on my EIGA forms, I was doing so on the very solid advice of attorneys on which I have relied for many years and on the assumption that this committee, as well as the Select Committee on Ethics, recognized that the omission of Mrs. Hansen's assets and liabilities was based on the attorneys sound legal position.

We believed it was unnecessary for me to testify in Federal court because I could add little to what the attorneys who had advised me had said from the witness stand and what the documents had established. The prosecutor's conduct when Mrs. Hansen had testified demonstrated that he would pull out all stops in efforts to embarrass me, to dirty it up politically, to mislead the jury, and to inflame public opinion. And the trial judge had shown no inclination, at any point in the trial, to restrict what the prosecutor wished to do. Time after time it seems like the walls were pushed out and there was no limit. Consequently, my counsel and I determined that it would serve no purpose for me to testify at that trial because we felt that I could not add anything to what the attorneys had given, and all we would do is clutter it up with the way they were conducting themselves.

In this forum, however, I have elected, without hesitation, to appear before you to assure you of my good faith and my innocence and to answer any questions that you or the special counsel may have. I know what I did and did not do, and I can tell you with a clear conscience that the allegations which are the subject of this proceeding—the claim that I made false entries on my EIGA forms—are simply false.

My counsel's submission—which I hope you have all read—lays out how this witch hunt against me began—how my complaint about criminal conduct designed to ruin my reputation encouraged the Justice Department perversely to investigate me. After the most energetic and thorough investigation—in which I and Mrs. Hansen cooperated by making ourselves and others available—and I can tell you there was never even a Miranda warning; we never knew that they were ever pointing at us except by the way they were behaving at times—they filed only charges that are totally unprecedented. Criminal allegations that a false EIGA form was submitted have been made against none of the many thousands of executive branch employees who file each year. The first case in the history of the Nation was brought against a Congressman who had been the victim of a totally false extortion threat. The case was filed by prosecutors who were frustrated because they could find nothing else to accuse him of after 2 years of investigation. And believe me, they were into everything because we heard and saw their tracks.

What was the basic charge? Three of the four counts charged that I had not disclosed on my EIGA forms two aspects of my wife's finances which grow out of the only efforts Nelson Bunker Hunt ever made to assist the Hansen family in any way in resolving our very difficult financial problems. In 1977, after Mr. Hunt had been responsible for steering my wife to a $33,000 loss in soybean futures trading, he assisted her in arranging a loan from a Dallas bank to cover her obligation. That loan was not reported in 1979 or in 1981, after Mr. Hunt, who had guaranteed the loan, had purchased it from the bank when Mrs. Hansen could not pay it. Nor did my EIGA forms include the one successful commodities venture recommended to Mrs. Hansen by Mr. Hunt—a silver futures transaction that resulted in an $87,000 profit.

My reason for not reporting Mrs. Hansen's transactions had been repeatedly explained to the House Ethics Committee and to members of this committee, as well as to the committe staff. In the materials provided to you by my counsel you have copies of the letters I sent on this subject. They demonstrate that well before financial disclosure had become an issue, our Idaho lawyer had advised Connie and me to sign a "Property settlement agreement." That agreement was mischaracterized repeatedly to the jury by the prosecutor. He even tried to lose the whole timeframe work and make it look like we had derived that to beat the ethics report, which is preposterous because this was done 2 years before the first ethics filing.

It was never designed to force us to keep separate assets or separate bank accounts. I will tell you it is no convenience to have a property settlement agreement. It means if you don't keep it up to date your wife is very vulnerable, because if I should die, and it isn't up to date, my whole estate, everything could be thrown into probate and she doesn't get the benefit of at least half of it going to her automatically under the community property situation. There are a lot of things which nobody wanted to listen to, where to do this was not really a convenience. In fact, it was a terrible inconvenience and a risk. It simply cut the legal right that a husband and wife have to each other's assets in a community property State. Because of the property settlement agreement, Mrs. Hansen was permitted in 1977 to solicit contributions to pay the enormous debt that had built up in the preceding 2½ years.

When the issue of financial disclosure arose in 1978, I asked my attorney, John Runft, what my obligations were under Rule XLIV. He concluded that the property settlement agreement meant that the assets and liabilities of Mrs. Hansen should be treated like assets and liabilities of a person I might be living with without the benefit of marriage. And I might parenthetically say that if we had been living common law and not married because of this if we had gotten a divorce, according to the ethics lawyer that appeared in the courtroom, we would have been better off. In other words, it seems that immorality is more acceptable than some kind of a legal arrangement between married people.

Even if that person allowed me to use her assets or money, I would still not be expected to report them on a financial disclosure form.

You may agree or disagree with that conclusion. I agree with it. It makes sense to me now, and it made sense to me then. But even if you disagree with it, you surely must recognize that I acted in good faith when I followed his advice—I didn't hip shoot, I didn't let my kid fill out the forms and come in and toss them to you; we did it carefully—when I wrote to the House Ethics Committee in 1978 explaining precisely why Mrs. Hansen's assets and liabilities were not on my financial disclosure form, when I asked the committee to "confirm" the validity of my report, and when I sent copies of that letter to the ranking members of this committee.

I ask you, what more should I have done? As a person that has to deal with the law, or as a lawyer in the case of some of you, what more can a person do to operate in good faith than to go get legal counsel, and make sure that where you report the forms, comprehend or understand what you are attempting to do, and then you rest on that. I don't know what more a person can do.

It has been suggested to me that I should have resolved all doubts in favor of disclosure and have listed the $50,000 debt and the $87,000 silver profit even though they were Mrs. Hansen's. But what would that have meant to the legal position that Mr. Runft had taken in 1977, as I mentioned before, when he insisted—entirely correctly—that Mrs. Hansen's liabilities, after the property settlement agreement, were hers alone?

Let me confirm here and now an important observation that my staff assistant Jim McKenna made during his testimony at my trial. He, of course, is a lawyer. He said that the question whether Mrs. Hansen's liabilities or transactions had to be reported on my EIGA form was "considered closed" many years ago. It had been a question on which I sought legal advice in 1978, in connection with the House's financial disclosure form, and in 1979, when EIGA was a new law. It was a subject of substantial discussion among my lawyers and me. A conclusion was reached in 1978. The same conclusion was reached in 1979. That conclusion was communicated to this committee in language that could not be misunderstood. And I think if you read the letters you will see what I mean. I believed that everyone who had an interest knew that my wife's debts and property were not being reported—not, of course, because the "three-part test" of EIGA applicable to spouses had been met, but because we had a property settlement agreement and the committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after that agreement.

Gentlemen, I believe that the committee has acted responsibly. They have been most kind and generous in their dialog with us. We of course have had agreements and disagreements, but I feel that the committee has been responsible and we feel we have been responsible in the way we have conducted ourselves, and responded to any official requests of the committee or official actions of the committee.

My confidence in that understanding was so great that I had not the slightest fear of self-incrimination of any kind when the blackmail letter arrived. Believe me, if I had been nervous at all, do you think I would have gone over to the Justice Department and turned that thing in? I would have taken a chance that it was just a prank or a joke or that it would go away and the guy wouldn't really press that type of thing because he would be vulnerable too, but we had no hesitation. We went over and gave it to them.

I brought the entire matter to the Justice Department, and I did not give the matter of financial disclosure any thought whatever. The only delay that we had in getting over there was the fact that I had to bring attorneys from the west coast and from Dallas to get them here, and I had to get an appointment with the Attorney General, and we got it in just as fast as we could.

FBI agents came to visit me in September 1981—5 months after I had reported the blackmail—and I told them then, as I am telling you now, that I did not report the profit from the silver transaction because the consensus of my lawyer was that "any transaction solely entered into by" my wife were not subject to disclosure. That explanation appears right in the FBI agents' report that was submitted almost 20 months before I was indicted. I made no effort to amend my reports, because we felt we were right. If I had been concerned, I probably would have come in and tried to do that, though I wasn't concerned. Look at exhibit 5 of the blue appendix you have before you, and you will see what I mean. What did the prosecutor say about the fact that I had followed my lawyer's advice? The quote is at page 70 of the briefing book: "He is not Joe Schmoe on the street who doesn't know anything about the law. He is a lawmaker himself. He knows how to read. He knows that—the laws are passed by Congress. He knows what Congress was up to when they passed the Ethics in Government Act."

What does that mean in plain English? It means that Congressmen are supposed to know the interpretation that the Justice Department or some other part of the executive branch claims to be the law. You and I—just because we are Members of Congress—have no business asking a tax lawyer what a section of the Internal Revenue Code means, it appears. Everybody else may be unsure and may take legal advice. Only a Congressman must ignore what his lawyer tells him, according to the Justice Department. "Equal Justice Under Law"—the words on the front of the Supreme Court Building—applies to everyone, apparently, in the Congress, in the eyes of the Justice Department, except Members of Congress. Well, I don't buy that, and I don't think you do either.

In addition to the 3 years in which the Justice Department claims I did not report a debt and a profit of Connie's, they claim that in a fourth year—1981—I failed to report $135,000 in loans that were borrowed for a citizens' organization formed in 1981. The organization then initiated a large and expensive mass-mailing in early 1982 for which the full $135,000 was used. The prosecutors' point was that I had signed the notes for these loans, so they were technically my debts. You know there are a lot of people around here that are involved in cause organizations, and they are the officers in those cause organizations, and some of these cause organizations are in huge, huge debt, and I think you know who they are, and some of those officers could technically probably be held liable and sued for the debts of those organizations. Yet I don't see any of the people involved listing those debts, that kind of information on their personal ethics report forms. So I think that this is absolutely a preposterous thing these people are doing in this.

I said the prosecutors' point was that I had signed the notes for these loans so they were technically my debts. I suppose that is true. The obligations were technically my obligations. Who wants to lend money to a paper corporation? You can do it two ways. You can borrow and give it to them or you can go over and borrow it at the bank and not report it on the form. I guess I try to be honest enough; I do things up front. I don't know, maybe there is a time in this government that makes things so convoluted and complex that you get in trouble for being up front and on the table and honest, but I still bank on the fact that that is the way the game is supposed to be played, and that is why we did it up front. But I did not borrow this $135,000 to pay off my personal debts or to buy a yacht, a Rolls-Royce, or even a snowmobile. I have none of those things and never owned any. I guess my hobby in fact is politics. I am probably one of those nuts that go out and borrow money to try and get legislation passed. I think it's crazy, a lot of other people think it is, but I guess if you believe in what you are doing you do it.

I borrowed it, as the lenders plainly testified, for a public project. And every penny of the $135,000 I borrowed—and more—actually went to pay the very high costs of the mass-mailing which the organization conducted. That seed money was to come back to the lenders from contributions responding to the mass-mailing.

I have to parenthetically tell you that when you put these things together, you have to wait for mailing dates, you have to wait to get certain legal technicalities done, and you have the money there, and it is money that you are personally obligated for. You are paying interest on it, and you have the risk. What do you do with it? Well, it didn't immediately go in. We waited until we could use it, and that is what they are complaining about.

By May 15, 1982, I no longer had, in any form, even one penny of that $135,000. The organization for which it had been borrowed was established, and it had sent out letters to almost 1 million citizens urging them to support drastic or serious tax reform. Should I have reported the $135,000 as my debt, thereby making it appear as if I personally had kept that money and not used it for the designated public project as planned? I think not.

I did what I believe any careful person should do: I sought the help of a professional. Jim McKenna is my staff attorney on whom I rely each day for technical opinions on questions of law. He was a member of the board of the citizens' organization, and he advised me that the debt was not reportable under the law because of the circumstances. We also discussed what ended up being the critical factor: Because there was, and continues to be, great fear among our people that the Internal Revenue Service retaliates brutally against anyone who opposes it, we had promised total anonymity to anyone who contributed money to the organization, which was called the "Association of Concerned Taxpayers." Many people are getting very paranoid, legitimately or not, about the Internal Revenue Service, and we had to give them that kind of anonymity. There are other organizations that do likewise for other reasons. The letters sent to the public repeat that promise several times. If I reported these loans on my EIGA form, I would also have had to disclose—either on the form or in answer to the inevitable reporters' questions—what I had done with so much money in 1981. If I answered truthfully, I would violate the promise of confidentiality that we were making to encourage contributions to A.C.T.

Please do not misunderstand me. The need for confidentiality would not override a clear obligation under the law. But the obligation to personally report funds raised for a legislative project was far from clear. Jim McKenna's view was that I was, in actuality, a personal guarantor of the three loans, which had really been made to A.C.T. There is no requirement to report on EIGA forms debts that one has guaranteed. Since there was legitimate legal question whether a report was required, complicated by the project requirement for confidentiality, the spirit and letter of the EIGA report seemed best served by specifying my affiliation with the nonprofit tax reform group which had a financial life of its own. And we had put on the front of the form, gentlemen, that I was the head of that group, so the red flag was raised if anyone wanted to know what was going on there.

Did I exercise bad judgment in omitting these loans? I don't think so. But, even so, it was hardly a crime or any unethical act. As everyone here knows, it is very common for Members of Congress, as I stated before, to be affiliated and even financially involved with legislative cause groups and seldom, if ever, are the liabilities of such groups mentioned on an individual's EIGA report. And more so, the hundreds of people each year—in the legislative, executive, and judicial branches—who amend their EIGA forms after omitting assets and liabilities because they claim to have "forgotten" them or because they believed they were not reportable are as culpable, if not more so, than I, and we open the door to Pandora's box.

When the prosecutors came across these loans did they communicate with me and ask whether I wanted to amend my 1982 EIGA form to reflect them—as the Attorney General, Mr. William French Smith, was asked to amend his EIGA form when an omission was disclosed? No, sir. I was indicted and forced to stand trial.

There are two standards, it seems, gentlemen. Downtown they give you a chance to amend. Up here they indict, and no chance to amend. Maybe I wouldn't have amended. I doubt that I would. I think we did it right, but the point is I was never given the opportunity that the Attorney General himself, the boss of the prosecutors, had to change his report, and his was a $50,000 severence check where there was alleged conflict of interest even, and there was no conflict of interest in mine.

The irony, my friends, is that I spent 2 weeks in Federal court, and that I have been forced over a 3-year period to incur legal expenses. And I can tell you the meter is ticked over and it's not to knock legal counsel because I tell you if you have a serious ailment you don't complain about the cost of a good doctor, and I don't complain about the cost of a good lawyer or good lawyers. But over a 3-year period legal expenses have ticked over $300,000, and I am not that wealthy, and I don't think any of you are, and it takes one whale of a lot of years in Congress to make that kind of money. I don't think that it's right for me or anyone else to have to put up, with that kind of a legal assault by some power-seeking people at the Justice Department, and here are $300,000 with a threat of imprisonment and a fine, not because I embezzled, stole, took bribes, or otherwise enriched myself, but only because I and my wife were in great debt.

Are you penalized in this country, is this a way of putting you in debtors' prison? Well, that is what it appears; you are penalized because you owe money and you didn't do like some politicians have and settle for 2 or 3 cents on the dollar. You hung on to it and tried to pay it honorably and that is what we tried to do is pay our debts, and the prosecutors claim mainly that I did not disclose how very great our debt was.

You read every day about people who go to jail for taking hundreds of thousands or millions of dollars from private concerns or from the public treasury. Have you ever read of anyone, in this day and age, who is a criminal because he is, or was, too deeply in debt, particularly a debt caused by public service?

And where did I err? I went as far as I could to ensure that the very many kind individuals who had helped the Hansens financially by lending us money when we were beset with attackers from all sides would be repaid totally. I was not about to settle my debts for a few cents on the dollar as some public officials have done. And I was not ready to file for bankruptcy—as I surely could have done—and thereby disappoint—and even injure—those who had trusted me when I needed help. After the many small loans had been made by our friends—in March 1977—this House changed its rules drastically. I didn't know that they were going to change the rules when we had set up our financial structure this way. We were hit with a great many problems. This House changed its rules drastically so that Mrs. Hansen and I were unexpectedly left with no practical way of obtaining funds to repay our loans. It was in that desperate situation that our attorney John Runft thought of the Property Settlement Agreement as a legal means of achieving the repayment of our debts. Was that objective an unethical one? I believe that it was a worthy goal, and I am proud to say that no individual who has offered our family financial assistance has ever been let down by us.

Forgive me, please, for believing that rather than being a perpetrator, as I said earlier, I have been the victim, of one unethical act after another in politics. I was that target of vicious and baseless political attacks in 1975, designed to keep me from the House. I have been the victim of the unlawful theft, dissemination, and distortion of my personal credit report and of confidential income-tax information. I was an object of very scornful and demeaning publicity when my politically caused financial distress, accompanied by a change of the House rules, made it necessary for my wife to assume our family's personal liabilities and seek public contributions. And I tell you, it stings when your wife and your children were called "tin cuppers." It's not fun. And I was one of two intended victims of a blackmail plot executed in March and early April 1981.

All this made me the target of a Justice Department investigation. But the investigation produced nothing beyond the claim that I had, in 3 years, underreported our family's debt and had, in one year, failed to report a profitable transaction independently made by my wife which had been utilized principally to pay some of that massive debt. That investigation did, however, lead to the most reprehensible and damaging of the acts committed against me, a totally unjustified and slanderous prosecution.

The frustrated prosecutors, who admitted in my office to Jim McKenna and me that after a year of searching for a corrupt bargain they "had the quid, but could find no quo," charged me with criminal offenses and succeeded in driving their charges past a District of Columbia jury.

I am here hoping that you will exercise your constitutional and legal authority to correct this miscarriage of justice so that I might continue to fully and properly serve the people who have elected me, people who, I believe, continue to have confidence in me to speak out for them and to represent their needs and aspirations. Certainly the people should not be deprived by legal or bureaucratic manipulation of their right to freely choose their representative in Congress, whether it is me or whether it is you.

I thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Hansen.

The Chair will now recognize Special Counsel, Mr. Abbe Lowell, for the purpose of questioning Mr. Hansen, after which the Chair will recognize members of the committee who have questions to pose to Mr. Hansen.

Mr. Lowell, the Chair recognizes you.

Mr. LOWELL. Thank you very much, Mr. Chairman.

Congressman, it is so important in the statement that you gave, and what I know is your defense at trial, to try to clarify important dates and milestones in the record, and so let me, with my questioning, notwithstanding what Members may have to ask, try to elucidate some of that.

As I understand it, Congressman Hansen, if you will, the entire episode really started with your effort to eradicate a debt which you trace back to the 1976–77 era. The property settlement in the trial and your statement stated that at that time in that period, the debt was in the neighborhood of $37,000.

There was, as you know, trouble at trial, trouble by your wife, by your accountant, by your two attorneys substantiating what that debt was. I wonder if you could please tell us now and be a little bit more specific and break down that debt. Was the $372,000; $371,100 contributions from people? Were they larger? Where was the money owed and to whom was it owed?

Mr. GEORGE HANSEN. First, the problem started, Mr. Lowell and Mr. Chairman, in 1974, not 1976, as you said; 1976 when we were up in the residual problem which was the debt that had been incurred for 2 or 3 years of the problem, but I am sorry, my voice seems to be failing. When I was on a roll, it goes better. But as far as the debt was concerned, there were two kinds of debt, and I think a lot of people don't realize that there was a substantial debt that I had listed in that separation agreement, that was also politically incurred.

You don't think that a person, the normal person, carries that kind of debt personally. People keep hanging on the amount that was assigned to my wife. Well, there was an awful lot revealed right there that is right before your eyes, that I had to pay for and I had to sign for as loans to the bank, and so you ask what kind of debt was it. Well, it was debt like that at the bank, where I had paid off bills and asked people to help me, whether it was banks or private individuals, and what we did, because we felt the need to at least not punish the people who had helped us by raking them through the public sector over this thing, the public institutions.

I assumed as much as we could in an equal separation, I assumed the debt from the institutions and she assumed the debt from those private people which we felt it was proper to keep confidential, and so that is why, and that is her debt and that is why it makes it difficult for me under these circumstances or any circumstances to itemize.

I can tell you there were a number of small people in varying amounts that totaled that amount of money, in her case, the amount listed there.

Mr. Lowell. Congressman, the trial testimony, I think, revealed that your wife was successful in raising something over $100,000 in her solicitation campaign that followed your separation agreement. The trial testimony also showed that the money was at least initially put in the account of her name. However, the trial testimony, I believe, also showed that you drew from that account or at least she put money from that account into joint accounts which you spent.

In your view now, and in your view then, was it consistent with your advice to the committee that you were separating your funds and allowing her to raise funds, by you having access to funds which were raised ostensibly for what was then going to be her debt?

Mr. George Hansen. As I understand it, in a community property State, Mr. Chairman, when a person brings money home, whether it is the man or the woman, say, $1,000, the money is half his and half hers, when you bring it home. It is just the way it pops. When you have a separation, the money belongs to the person who has the money unless they consent to let the other person use or spend the money.

The fact that we maintain joint accounts doesn't mean that the person who accumulated the money or the debt didn't have constructive control over the money or the debt, and the fact that the other person used it would only be on a basis that permission was granted to either service or use the debt or the funds, and so I found nothing legally inconsistent with the way we handled it, and I found no one who told me that we had to maintain separate accounts any more than two people not married who might live together or who might do business together could share accounts, and one person could use the money of the other person by consent.

Mr. Lowell. Congressman, before I get to the joint accounts and the joint way you lived, my question may not have been clear enough. I think it is an important one. The Ethics Committee issued two Advisory Opinions, No. 4 and No. 11, and the net effects, as you well pointed out, was to say that the plan that you had in mind, you couldn't do.

A Member or a spouse or a committee could not raise funds for that Member's personal debts. Mr. Runft advised you that the answer was to make those debts your wife's debts and she could then raise funds to make those her debts.

The trial showed, however, that the money she was raising for ostensibly her debts somehow found its way back into the joint account. My question is, first of all, whether or not that was the view of what happened because of the checks as she indicated and, second, if that is your view, how do you explain that that money that was supposed to be raised for what was then her debts had become your money again?

Mr. **George Hansen**. Mr. Chairman, I think counsel would like to address that question if that is permissible.

The **Chairman**. Mr. Lewin.

Mr. **Lewin**. Mr. Chairman, the reason I asked the Congressman if I can have the microphone for a moment is I know Mr. Lowell is referring with both of the questions he had asked, the initial question and the last one, to the trial transcript and the trial record. I am quite familiar with it. I was there, and I think it is not really a totally accurate reflection of what happended at the trial. I think with regard to the funds that were raised in 1977, I think the trial record did not by any means indicate that that money was used for personal expenses.

I think there was one question that was asked of Mrs. Hansen regarding a withdrawal of a little over $4,000 from the special account into which the proceeds of the solicitation was placed. Other than that, I think the trial record, and I think generally the facts established that the money that was raised in 1977 was used to pay precisely the debts that Mrs. Hansen had indicated in her letter.

This was one, $4,700 check which was deposited in a joint account, and no indication really exactly what the withdrawal subsequently made from the joint account was, but I think, I know Mr. Lowell has had a limited amount of time to read over those transcripts, and I am sure that is not a conscious omission on his part, but I can assure the committee that the trial record does not indicate by any means that the money was used for anything other than exactly what Mrs. Hansen said it was going to be used for, which is to pay the debts.

Now, with regard to Mr. Lowell's first question, he also stated in his question that there was difficulty by Mrs. Hansen in establishing that debt. That also is not what happened at the trial. What happened at the trial was the prosecutor asked the attorney, Mr. Runft, "Can you name anybody who lent the Hansens money?" Mr. Runft said, "I saw at the time a whole list. I had substantial conversations with the accountant. I added it up. It came to $372,000. I don't recall the names now."

He never asked Mrs. Hansen for names. I can tell you that we anticipated he would. Mrs. Hansen was prepared, as she recalled—it was some time ago—to provide names that she recalled at the time. He never asked her.

In summation, specifically, I said to the jury, let the prosecutor get up and show you where he ever asked Mrs. Hansen to name a single name, and he could not point that out because he had never asked Mrs. Hansen to provide any names, but in terms of the substantiation regarding that debt, the trial testimony was very substantial, both from the attorney who said he had conversations with the accountant, and from everybody else, there was ample reporting in Idaho and elsewhere about this great debt that the Hansens were under, so I think, as I say, that may be an inadvertent misstatement by Mr. Lowell, but I don't want the committee to labor under the assumption that that is what the trial transcript showed.

Mr. **Lowell**. I don't want this to become a debate as to who knows the transcript better, and the committee will have access to that, so I will just move on and let the transcript speak for itself.

Mr. Hansen, on the same area, though, you did mention that under the community property laws you did not have to, as your lawyer stated, separate your lives financially after you issued this property settlement, that it was consistent to continue to own houses and deal in houses and buy cars and sell cars and file joint taxes and have joint bank accounts.

For the moment, the question is, having gone to the committee to get advice on how you could go ahead and raise funds, and devising the property settlement, do you think it suffice to tell the committee only that you had done a property settlement, or do you think, looking back, you should have told the committee not only that you had a property settlement, but how you planned and in fact did continue to act after the settlement living your lives together in so many ways?

Mr. George Hansen. Mr. Lowell, we did advise the committee, and we also asked at the end if you have any complaints or any concern about various things, a number of letters—I don't have them at hand—to please advise, and I was prepared to discuss this matter on any such questions you talked about. I was prepared to discuss these things, hopefully to the satisfaction of anyone who might question, and so I don't think the committee was derelict in not asking.

I don't think I was derelict in not answering questions I wasn't asked. It was just there was a property settlement agreement and this is the way it was.

Now let me tell you about that property settlement agreement. There were a lot of things just because you look at the bank, a lot of things that were done. For instance, my wife took over the income from the family business. I didn't get it. The social security benefits are totally hers. I don't get them, and you didn't get them here in Congress, so I was deprived of social security benefits. She got them all.

There are a lot of places where the separation and the terms of the agreement were carried out very explicitly, independently, but the idea of joint bank accounts, there were some things that we would like to have done better, I would admit, but we were under financial duress, and there are only 24 hours in the day, and I think a lot of people around here know that I usually work 25 hours a day, and if there isn't enough hours, there are just some things that maybe you have well intent to do, but you don't get it done, so certainly I wish we could have done a lot of things better than we did, but I think we did them adequately in the spirit of what we intended to do.

Mr. Lowell. Congressman, just to draw this one to a close, in your memory, did you or your staff or your attorneys ever advise the committee, did they ever send them a copy of the property settlement on which you have relied so heavily? Did they ever inform the committee that after the property settlement, you continued to have joint accounts and continued to joint-own homes and cars? Did those facts ever get transmitted to the committee at any time?

Mr. George Hansen. I don't know for sure, because periodically I think practically every year someone from the committee would mention something about the property settlement, and I would usually send an attorney over to talk to them. I don't know how in depth that conversation may have gotten. I know there were some attempts by the committee to obtain the agreement, and we told them that we didn't feel we could give the agreement, because it involved private items of my wife's, and this was a legal and technical problem as far as we were concerned, but we never received any official demand that we produce the agreement; in other words, in writing by the committee or whatever, or that we answer certain questions.

As far as I know, informally we answered everything we were asked or attempted to do, and certainly the door was open for any further questions if someone had deemed it necessary.

Mr. LOWELL. Mr. Hansen, turning your attention to the advice you sought from counsel and the first financial disclosure forms, the record, again at least from my perspective, is not entirely clear and maybe you can help the committee clear it up.

The timing of the actions in 1978, I understand to be as follows, and I wish you would confirm or at least explain if it is not true: that after the property settlement occurred in 1977, 1978 came about and you were then governed by a House rule on financial disclosure. You filed a report in April of 1978 and following that report, there were press stories criticizing your lack of including Mrs. Hansen's information.

At that point, you sought attorney's advice and at that point after your attorney's advice, you wrote to the committee on May 9.

Is that the order? In other words, you filed first, sought your attorney's advice second, and then thereafter wrote the committee asking for their confirmation?

Mr. GEORGE HANSEN. That is not my recollection. As I said earlier, I felt that I was a Siamese twin to lawyer and accountants from the time of my first encounter with Mr. Hays and things that happened in 1974, and so I don't think that I ever filed a piece of paper with this committee or with the income tax people or anybody else without running it by somebody for advice, and so I would not recall that in that precise way.

Mr. LOWELL. Specifically, with Mr. Runft in 1978, is it your memory that you went to see Mr. Runft before filing your first report of which the press started criticizing you in 1978, or do you recall that?

Mr. GEORGE HANSEN. The very fact that the press was continually criticizing from 1974 on, believe me I was always in contact with my attorney. I don't at this point recall exactly what dates I was in touch, but I sure wasn't doing anything that was going to rock my boat or create any controversy, and every time I filed a report, believe me, there was controversy, because we never filed it to suit certain people, and so I can tell you that I was very careful about submitting those reports, and I will tell you I don't think anybody in this body has ever received such scrutiny about the reports and so much noise.

In fact, I didn't have to put it on the reports. The press put it in the public view anyway.

Mr. LOWELL. Congressman, from your testimony today, and your statement and also the trial evidence, it appears that Mrs. Hansen's soybean transactions left her with a $33,000 debt for which she got a $50,000 loan. Where was the remainder put? Did you have access to it, and did you spend any of it?

Mr. GEORGE HANSEN. Well, at this juncture, I can't tell you. There was more than enough, and if I recall, I did the chore, the errand. I went and put the money in the bank, the check that she received for the loan, and I think that we took some kind of a cash deduction to service some obligation that went on, and I can't even remember what that was at this period of time. It wasn't anything near the excess, $17,000 or whatever it was, but I can tell you that we were not buying sables and minks. We were servicing the needs and the debts at hand.

Mr. LOWELL. But when you use the word "we"——

Mr. GEORGE HANSEN. I can't tell you precisely what it may have been. If it paid her debt, no problem. If it paid a debt that I felt was pressing and she loaned me or gave me access to the money, I can't see anything improper with that either.

Mr. LOWELL. Congressman, with respect to the solicitations of legal advice from your first attorney, your Idaho attorney, Mr. John Runft, as a first matter, did you inquire of him of Mrs. Hansen's transactions in a general fashion, or did you seek his specific advice on the individual transactions which now form the basis of your conviction? In other words, when you went to Mr. Runft, did you say, "Given the property settlement agreement, do I need to include Mrs. Hansen's transactions because she is now 'separate'?" Or did you say, "Let me tell you about some transactions. There is a $50,000, there is a loan, there is a Dallas loan, there is Mr. Hunt's acquisition of it, there is this, there is that, there is the other thing?" Did you do it in a general fashion?

Mr. GEORGE HANSEN. I don't know. I can't recall what Mr. Runft may have said, but I can tell you that I also had other reports besides ethics reports to file, namely taxes, so I had to discuss the propriety of filing joint returns and everything else, and I did this with the advice of CPA, and I had a good one. The man at the time was not the one that appeared at the trial. He was head of the State CPA's in the State and he was constructively under control of the lawyer because of all of the investigations, and I know that they conferred on these things, and so all I can say is that for the filing of reports, whether it was income tax reports or ethics reports, these things were known specifically.

Now, on the first couple of reports, at least we established, as I stated in my testimony, until we established a posture, a trend on how to deal with the law, I know that we talked about specific items. Later on, we may not have been so precise, because we had established the process and the procedure.

Mr. LOWELL. Again referring to the $50,000 loan first, with Mr. Runft, which you just mentioned having talked to your lawyer specifically about, did you tell him how the loan first came about, that occurred from your first meeting with Mr. Hunt about soybean transactions. Do you recall telling Mr. Runft that?

Mr. GEORGE HANSEN. Telling Mr. Runft what?

Mr. LOWELL. About how the $50,000 debt first came about, and your relationship with Mr. Hunt?

Mr. GEORGE HANSEN. I am convinced that Mr. Runft knew in time, the tax forms which are filed just a little bit before your ethics forms, I think a month before, that he was informed of the technical details, yes.

Mr. LOWELL. By the way, on the Hunt meeting, Mr. Hunt testified at trial that——

Mr. GEORGE HANSEN. I might mention either by me or by the CPA or both.

Mr. LOWELL. Maybe you can clarify something for us as well. Mr. Hunt testified at trial that this started with him when you met him at a dinner or social occasion, and he testified—it may not be inconsistent, I want you to clear it up if you can from what your statement was—that you basically went right up to him after the dinner and told him about your financial condition and you were the one who solicited him and you solicited him for a contribution.

He then went on to say no, that wouldn't be proper for a variety of reasons and how it came about and he said he would give you and your wife financial——

Mr. GEORGE HANSEN. Mr. Hunt's memory is faulty a lot of places, I noticed in the testimony. One is I have never been to his house. Two is my wife, to my knowledge, has never been to his house, and I think there was some statement somewhere in the records to that effect.

Mr. Hunt, I think, kind of has things run together. There are other Congressmen from Idaho. There is a Senator by the name of Steve Symms who has been very active and has had contributions from Mr. Hunt, not to say it is proper or improper, because I think people can contribute to a person of their choice, but Mr. Symms, to my knowledge, has been to Mr. Hunt's house, and I think his wife was with him. I have not, so I guess I am pointing out that Mr. Hunt seems to have run Idaho Congressmen or Congress people together in his recollections, and I don't happen to be the one.

I have never received a political contribution from him to my knowledge, at least not big enough to report, and second is when you talk about cornering him, as he said, over a contribution, that is not what I did.

What I did was I talked, I went to several people across the United States, because I had this debt problem over a period of time, and since the committee and Congress had said that I couldn't do certain things, I thought, well, there are a lot of people around the country that are big in politics that maybe can give me some advice, people who deal in political finance, so I not only, since we are in the confidence of this committee, I not only went and talked to Mr. Hunt, not about directly soliciting anything, because I didn't feel it was proper. I told him my problem, asked him if he had any ideas about it, and second is I also went to a lot of other people like the gentleman in the White House who didn't happen to be in the White House at the time and asked him if he had any ideas, and he gave me a few words of advice about what you might do about something like this.

I contacted a number of people who were financially prominent or politically prominent, to see what in the world can you do to service this kind of a debt that you haven't really brought on yourself, so I don't make any secrets about the fact I asked advice, but I didn't ask for contributions.

Mr. LOWELL. I don't have all that many more questions, but I do want to again just use this opportunity to try to——

Mr. GEORGE HANSEN. Not to say I wouldn't have asked for them if somebody suggested it was legal and proper, but I wanted to ask the ground rules first.

Mr. LOWELL. Again on the issue of legal advice in asking you the same kind of question with respect to your staff counsel, Mr. McKenna, again when you asked his advice upon what your duties were to disclose various things, did you tell him, was the question to him did you have to disclose various transactions of Mrs. Hansen's in a general fashion, or again did you go through the litany and tell him about your relationship with Mr. Hunt, with how the $50,000 came about, with how the $87,000 silver profit or again was it, "Now that we have separated our financial arrangements, do I have to report Mrs. Hansen's," or did you tell him what has now come out at trial as the specifics of all those transactions?

Mr. GEORGE HANSEN. I think after listening to my testimony a few minutes ago, you kind of see I am quite a story-teller. I went through the story with Mr. McKenna and with Mr. Runft, like I went through with you folks, about what the hell had been going on, if I can use a little French, and how you deal with it, so I don't think anybody was really in the dark what was going on, and what we had to do to cope with the thing in a legal and proper way, so there was no fun and games.

I don't do myself any favor by putting myself in a position where later on I am going to pay this kind of a price, and I have been through time after time this kind of a kangaroo situation where people pointed fingers and run you through an investigation that cost me a bundle of money. I would be an awful slow learner if I didn't learn by the first two or three times through the mill.

Mr. LOWELL. Congressman, one point on the McKenna advice, if I could. When you asked Mr. McKenna about whether or not $135,000 loans in 1981 that you served as a conduit for should be reported? At that time, did you explain to him any of your dealings or transactions or the things that Messrs. McAfee, Rogers, and Meade had asked of you and how you got to know them?

Did you explain that to him as well?

Mr. GEORGE HANSEN. I appreciate the question because I would like to clarify the relationship between Messrs. Meade, McAfee, and Rogers, and I think it is very important. A lot of you folks, you gentlemen on the committee, have been involved with people on some big problem, and you know when you get involved, you don't know who they all are sometimes, and what their backgrounds might be. How I got involved with Mr. Meade, Mr. McAfee, and Mr. Rogers was this: Mr. McAfee happened to be the attorney that was called in to try to deal with the situation several years ago when the Government couldn't do anything about it.

You remember when the U-2 spy plane went over the Soviet Union during the Eisenhower administration? We didn't have satellites and rockets up at the time. We had airplanes that go 50,000 or 60,000 feet high and we all woke up one day and saw in the newspaper the fact that we were flying over the Soviet Union at 102,000 feet and had been doing it for months and they hadn't been able to do a blinking thing about it and they finally got lucky and brought him down, Francis Gary Powers. He was from southern Virginia, right down in the hometown of the people we are talking about, and so after months and months of negotiations by the Defense, State, CIA, and other departments, and nothing happened, all the king's horses and all the king's men, I guess if you have to put a little poetry in, couldn't bring Mr. Power's home again.

His father went up to a lawyer's office, Mr. Carl McAfee, and asked if he could help through private means, to get his son home. McAfee apparently became involved and through private negotiations, Powers came home.

I think most of our memories are long enough to get that one. Then a little while later, the Pueblo intelligence ship off the coast of North Korea was seized by the North Koreans and our sailors were put in jail or prison for months on end and the Government again didn't seem to be able to do it.

Sometimes private initiatives will do it. Like Jesse Jackson went to Beirut and he brings home a guy. Sometimes governments are a little too bulky to do these jobs. Here is an attorney being approached again by family members of the prisoners, and can you help. It seems like you had success on the last one, so he got involved as counsel for some of the family members and they ended up helping through private initiatives to get those guys home. Then came the Iranian hostage crisis, and I happened to be the only official of Government to ever get into Teheran and see the hostages successfully.

When President Carter tried to send Ramsey Clarke in, he was stopped in Turkey and that is where it ended, and I was able to get there, and that is beside the point except the fact that because of his experience, some of the hostage families went to Mr. McAfee and said, "We would like to retain you to see if we can either get into Iran to see our loved ones or you can help get them out." And so he came to Washington, started kicking the doors down, looking for a place to start, and he went to the State Department and everywhere, nobody could help him because it was a whole new breed of cat in Iran, nobody knew anybody over there.

So he finally came over to me, and he said, "Can you help me? You were there." I said, "Well, I think so, we will give it a try," and we ended up getting him into Teheran with Mrs. Tymm, one of the mothers of one of the hostages and her husband, and I don't know if it was any favor. He was there the day we invaded them with that abortive rescue mission and I don't know if I would have wanted to be there that day or not, but anyway, he got on the stand and he said, "Well, Hansen goes where the angels fear to tread."

I don't know if that is a compliment or a liability because when I look at Leo Ryan and others that go into that place, you know that is pretty dangerous and so you never know how you come out or if you will, but nevertheless, he said, "I think I owe my life to him," and we developed that kind of a relationship, and in the process of his coming to and from the office, he happened to see a book I had written about the Internal Revenue Service, and he said, "Well, I am kind of interested in that, too. I would like to help."

So he helped me meet his friends and arrange for the $135,000 loan. That is where it all came from, and it turns out that one of his friends, Mr. Meade, who was the head of several little banks down in that area, in a power struggle with some bigger banks, apparently broke some laws and rules, and ended up confessing that he was guilty of bank fraud or something.

I understand there was no money lost to anybody. He didn't even go to jail when it was over, but nevertheless, the press has played that to a fare thee well.

"Hansen was dealing with a bank swindler" and it made me sound like I was dealing with Jesse James or Billy the Kid. And that is what it was. I didn't know who the guy was, and he was a legitimate pillar of the community as far as I was concerned so that is what you end up doing.

So you say how did I get the loan. That was Mr. McAfee that arranged it. That might help clarify the background for that one.

Mr. LOWELL. Mr. Hansen, on that, I just wanted to ask whether or not you remember telling Mrs.——

Mr. GEORGE HANSEN. Now we get to the question which is the influence peddling with the Department of the Army or something like that.

Mr. LOWELL. No. I just wanted to ask you whether or not you had told Mr. McAfee, Rogers and Meade what you were going to do with the money that they had lent you.

Mr. GEORGE HANSEN. Certainly. They knew I had written a book. They knew I was starting an organization and I think in varying ways in the testimony it comes out. The visible thing that anybody remembers is something tangible. They see a book. They take it home. They read a book. They remember it was to promote a book. In several places, they said that several times. In fact, they bring it to me, this book sold by Simon & Schuster and you are welcome to read it. It might chill you a little bit. Nevertheless, the point is that they read the book, and I think they were very, very interested in helping me out, but on the other hand, we weren't talking about promoting the book. We were talking about the book promoting tax reform, and that is what it was.

It was tax reform in an organization to create a climate in Washington conducive to tax reform. I think in some of the testimony some of them even talked about an organization or talked about an effort to promote tax reform, but the book was much more tangible than some will-o'-the-wisp organization, so they talked more about the book, but it was known to them and I think it is in testimony it was known to them we were talking about an effort to promote tax reform and that is what the money was for, not for the book.

Mr. LOWELL. Congressman, I understand your testimony both at trial and again your testimony today that the reason for your failure to disclose the $135,000 loan is that you served as a conduit and that money, in fact probably more than $135,000 was spent by you in various things that could be traced to your taxpayer reform group.

In your trial, as you know, the Government introduced evidence showing in early 1982, you opened an account at the Bank of Commerce Idaho and you borrowed a sum of money almost equalled to the same amount of money being spent by you in that same period of time for ACT.

In other words, it was the Government's at least insinuation, if you will, that it was really the $95,000 that you borrowed in 1982 that you spent in 1982 and the $135,000 was spent someplace else. I guess the question is, can you help clarify whether or not you spent the $135,000 from the Virginia men or whether you spent the 90-some-thousand dollars from the Bank of Commerce and where is the rest or where did it go?

Mr. GEORGE HANSEN. I think the Government did a pretty good job of only connecting about two legs out of the three-legged stool on that. They left one bank account out that would have told them a lot of things they didn't know, because the dates and times didn't connect, and the thing they were trying to allege and they didn't have the banker there to tell that sort of thing. When Mr. Lewin tried to bring it up in court, the judge swatted it down because the right person was there to bring the evidence in.

Just let me say this: I think if you look closely at the documents that are there, I opened—because Idaho and Washington are a long ways apart—I opened a service account out there called ACT, George Hansen, ACT, but as I think you also notice, it was a very small amount of activity in that account at that time and the loans that happened to be coincidentally at the same bank appeared, there is nothing wrong with having two sets of businesses going on at the same bank.

The loans were to me personally; one went to another bank account of mine in another bank, so I don't see any relationship at all between what we put into ACT and the fact that I borrowed some money from another bank, and I think the Justice Department muddied the waters considerably over that.

Mr. LOWELL. I appreciate that; I knew you did testimony and that was a lurking question in the transcript.

Mr. GEORGE HANSEN. I know it was and I wish we had a chance to clarify it. I appreciate it.

Mr. LOWELL. First, again to clarify the record. As I understand it, the amount of money that your wife owes Mr. Hunt still is owing. Is that correct?

Mr. GEORGE HANSEN. Yes. Originally it was difficult to pay, because she was kind of on her own. Later on, when we were probably in a little better position to pay, then on advice of counsel, we felt we might create the wrong kind of sentiment in legal procedure if we changed the situation, the conditions and all, so we felt we better leave it as it was, so it remains unpaid for the early reason and the later reason.

Mr. LOWELL. Now, the $60,000 loan from Mr. McAfee, and I guess cosigned or at least co-owned by Mr. Rogers, the record seems to suggest—and again I want to give you the opportunity to explain it—that that was paid back to them after the FBI had come to them and indicated that you were under investigation, and that was the first time that they ever called you about paying back that loan. Is that right?

Mr. GEORGE HANSEN. Well, I think you have to know about those bank loans down there. In the first place is that I had borrowed the money privately from Mr. Meade, privately from Mr. McAfee and Mr. Rogers jointly, and apparently, and I don't know at the time, apparently they had gone in and borrowed money for whatever cash flow needs they needed, and putting my notes in as some kind of paper collateral.

I had no knowledge of this whatsoever, until later on, when I started receiving a request from—I don't remember whether it was Mr. McAfee or the bank—that they wanted interest paid on the notes.

Well, that surprised me, because I thought I was supposed to be paying the interest to the people I had the notes with, rather than the bank, but I ended up then paying interest and payments to whoever they designated.

Now, I think the sequence was that I found out about the interest payments before I found out about the investigation. I don't remember ever knowing anything about the investigation until after I found out about a few other things that surprised me.

Mr. LOWELL. One last question from me, Mr. Hansen.

It is the obvious question, and I am sure you have been asked it by the press, although I haven't read——

Mr. GEORGE HANSEN. I worry about obvious questions.

Mr. LOWELL. Mr. Runft testified at the trial that in providing you advice, and Mr. McKenna said, too, that they researched the policies and purposes behind the Ethics in Government Act and the Rules in the House of Representatives and they used the purpose of the Act in order to advise you that you didn't have to report Mrs. Hansen's transactions, and indeed this morning, if I have quoted you correctly, you said to the committee that the purposes were to reveal what your involvement is, so that the voters will know; reveal what your involvement is so that the voters will know.

Given that, Mr. Runft and Mr. McKenna were looking at the purpose of EIGA and given what you said was your involvement so the voters will know, in retrospect, do you not think that the voters would want to know about your relationship with Bunker Hunt, about your relationship with Rogers, McAfee, and Meade?

In looking back in retrospect, don't you think that is more consistent with what Mr. Runft said they were looking for in the Act?

Mr. GEORGE HANSEN. You are talking about the obvious needs in disclosure laws and conforming that way. Certainly I think you have to operate in the spirit as well as the law. I think we did right. I can tell you this much: If you look at some of the exhibits in the big blue book, that you will find—and I think my attorney brought out—that it wouldn't have made that much difference. You have six or seven or eight obligations listed there. You add one more and it is just another bank.

Who is going to worry about it one way or another? I guess what I am saying is that for anybody that is really disturbed about the fact that that would have made a great big difference in some relationship I had with the voters or something, I don't think it would.

Mr. LOWELL. Maybe it would have had a say with Nelson Bunker Hunt, John Meade?

Mr. GEORGE HANSEN. Let me give you some technicalities on that. First the reports that are in question, reports in question first would have been a bank, the First National Bank, First National Bank is another bank. It is no deal. The next report that they are charging me with, if you want to really get technical about it, the loan, as far as we were concerned, is still technically with the bank because we had not officially signed a note—Connie hadn't—with Mr. Hunt, and that one would probably still have been listed the First National Bank, so there wasn't really that kind of sensitivity, if you want to get to it, but if you had to put down Nelson Bunker Hunt, that doesn't bother me.

I can tell you maybe in Hoboken, NJ, Mr. Hunt's name may be a problem. In Pocatello, Idaho, it is not a problem, so frankly, if Steve Symms can take a political contribution from Mr. Hunt and still be a U.S. Senator, I think we probably could have taken a loan; and in fact, when the prosecutor was suggesting that that would really be a serious problem in Idaho, he forgot that I had already not only gone to the Justice Department, but when the Justice Department was dragging its feet, I took this whole thing over to Jack Anderson, and I said, "The Justice Department is dragging its feet and I think they are trying to sandbag something and I would like to see you investigate it," and I turned the whole thing over, and Jack Anderson isn't exactly any man's friend on Capitol Hill as far as predicting what he was going to do and the way he treated my wife as Tin-Cup Connie and everything else, but the point is that I went and gave him the Bunker Hunt stuff and he wrote it and I survived two or three elections since, to give you the idea.

I don't worry about Bunker Hunt. Some of you guys might where you come from. I don't worry about it. There are places where Nelson Rockefeller's name would be God. I would get in trouble with Nelson or David Rockefeller's name or whatever.

Mr. LOWELL. Mr. Chairman, Special Counsel's questions are over Thank you for the committee's indulgence.

The CHAIRMAN. Mr. Lewin.

Mr. LEWIN. Might I just—the next-to-the-last of Special Counsel's questions related to the matters of the repayment of the obligation to Mr. Hunt, and I had not put in the blue appendix book, but it occurred to me afterward that it would have been desirable to have done that. I have such copies really to add to it.

The testimony at the trial concerning the reasons why the Hunt loans were not repaid, the reason specifically was that counsel, including myself, who were representing Mr. Hansen from the time of this indictment, thought that it would appear to be an attempt to change the circumstances prior to trial, so I would like to offer those pages really as an addition to our submission, and as I say, I have such copies of them. They are pages 1445 of the transcript and pages 128 to 130, which is Mr. Hunt's testimony, and pages 147 to 148, which is also Mr. Hunt's testimony concerning the efforts that he made to collect the loan.

Mr. LOWELL. Mr. Chairman, we have no objection. The entire trial transcript will be a part of the record of this committee in any event, so we don't object to that inclusion.

The CHAIRMAN. Without objection, it will be entered into the record at this point.

At this time, the Chair recognizes members of the committee for purposes of questioning Congressman Hansen.

Mr. Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman.

I am not familiar with property settlements and I want to ask one or two questions. After a property settlement in Idaho is entered into, I am assuming there is no objection to record the instrument. Is that your understanding?

Mr. GEORGE HANSEN. Counsel might want to bolster me, but my understanding is unless for third parties, if you are selling property or something, that for your own purposes, it wasn't necessary.

Mr. JENKINS. In the absence of recording, I assume that it can affect indebtedness that might be incurred by either party.

Mr. GEORGE HANSEN. Or exchange of property with others, third parties or something like that, I believe.

Mr. LEWIN. Might I just amplify that because I guess in anticipation, this trial and discussions with Mr. Runft, I did learn some more about Idaho law than I had certainly ever had reason to think I know. There is a decision—I can't give you the citation immediately, but he had the case, I don't think he was asked about it at trial, but he had a specific decision of the Idaho Supreme Court, which read that the provision of Idaho law that says that such settlement agreements may be recorded—the case is called Stockdale versus Stockdale, but I don't have the citation, which says that they may be recorded as real estate deeds, for example, would be recorded, and the Idaho Supreme Court read that to mean that it would have the effect, recorded or not recorded, would have the effect of recording or not recording a real estate deed, which meant that to the extent that it applied to real estate, if it is not recorded, it would be like an unrecorded deed, and therefore, third parties who purchase without notice would be bona fide purchasers and would have prevailing rights.

On the other hand, the agreement even if unrecorded, is for all other purposes a totally valid and binding agreement and that was, as I say, decided by the Idaho Supreme Court.

Mr. JENKINS. Pursuant to your property settlement agreement, I saw somewhere where you had executed quit claim deeds to certain property to your wife. And some of that property apparently was subsequently sold and bought after you signed the deed. I am assuming that that was simply out of a cautious attorney's concern that both parties sign the warrantee deed. Is that correct?

Mr. GEORGE HANSEN. This is true, and because of the sensitive nature of finances sometimes where banks and other organizations get rather procedural in their operations, I think they like to have things signed just in case, and so on many times we have had a second deed of trust or something like that, we have ended up both signing anyway.

Mr. JENKINS. One further question I am not sure about on the loan, the $135,000 loan, the ACT loan. ACT is an unincorporated association or group, or is it incorporated or is it a trade name or what is it?

Mr. GEORGE HANSEN. It is an arm of an incorporated entity in the State of Virginia. In other words, it is a project. You will see various political cause groups, they will have the mother operation and then they will have a task force.

Mr. JENKINS. But this $135,000 loan was for ACT?

Mr. GEORGE HANSEN. That is correct. It was a task force that was a part of a larger group.

Mr. JENKINS. And the money, the $135,000 was spent on behalf——

Mr. GEORGE HANSEN. Indeed spent and didn't have as good a recovery as we would like.

Mr. JENKINS. That is the reason that was not reported as a personal obligation, even though you had signed it individually, is that correct?

Mr. GEORGE HANSEN. That is correct. Nobody in their right mind, I don't think, would lend money to a paper entity that had no collateral or anything, so they were going for somebody that they felt they could have an arm on. That was me.

Mr. JENKINS. You subsequently repaid the $135,000?

Mr. GEORGE HANSEN. It has been repaid, yes.

Mr. JENKINS. Those proceeds came from solicitations on behalf of ACT, or where did they come from?

Mr. GEORGE HANSEN. Well, ACT did generate some funds, but with all of the flak that has been going around, a lot of our operations, you know, that kind of dampens enthusiasm and ardor among some people, and so I ended up having to come up with a good share of that money to pay for it.

Mr. JENKINS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Hansen.

Mr. JAMES HANSEN. Thank you, Mr. Chairman.

If I may direct a question to Congressman Hansen, when you went through this property settlement agreement, and you received that advice from your counsel, did he give you any further advice as to how you should then conduct your affairs after you had gone through a property settlement agreement, such as "Here is the ground rules for something," such as that? "You put something in your wife's name, this is your account, this is her account." In other words, what is unclear to me is it seems to me there was some blurring of the lines, or at least that is the impression I get. I could be entirely wrong on this. There is possibly some blurring of the lines as to what were your prerogatives and what you could do under this settlement and what your wife could do under this settlement.

Mr. GEORGE HANSEN. It was precisely set out in the property settlement agreement, some of the conditions we were expected to do within the property settlement agreement or what was desirable to do. There also was a list of conditions—I think at least four of five suggestions—that the attorney did give me in supplement to it, suggesting that certain things would probably be a wise thing to do to make it or put it in better implementation, so to speak.

Some of those things we, of course, attempted to do and some of them, as I suggested earlier, we would like to have been more religious about doing it, but time and circumstances were such it just wasn't possible for us to do. For instance, I would like to have ended up with a separation of accounts. I know she would have liked to have done—and really do more than was necessary.

In other words, there is nothing wrong with having joint accounts, but we would like to have separated things better than we did, but we never were in position, because of the tenuous debt situation we had, to really do everything we would have liked to do if we had been under desirable circumstances, so what you suggest, Mr. Hansen, is I guess we feel we legally complied with the terms, but then you get down to what would have maybe made things more well executed if we had been able to do them.

Mr. JAMES HANSEN. Let me ask this, if I may. You alluded in your discussion about the $50,000 loan, and you pointed out that your wife was talking to Bunker Hunt about it. In that instance, would it be the type of thing that you would confer with her also and say, "Well, Connie, this is a good or a bad idea"? I just wonder, this separation thing is the thing I guess that sticks in my craw a little bit about this whole thing.

Mr. GEORGE HANSEN. It sticks in my craw because my wife and I are very happily married and compatible, and to have to go out and all at once do things that are unnatural for a happily married couple and split things up wasn't exactly a thing we wanted to do, but it was a matter of survival, so we had to do it, and you know, sometimes you are dealt a lemon and you just have to make lemonade out of it the very best you can and that is what we did, and on that basis, when she went out to do things on her own, it is not easy.

I remember when I was out of public office for a time. I had been in Congress for a period in the middle sixties, and then I left to run for the Senate, wasn't successful, worked downtown for a while and then went back home, and during that period of time back there, she ran for public office and became a member of the city council in Pocatello.

All at once, I was in a supporting role, and I had to let her do things and so forth, you know, and you were her husband instead of she my wife.

Well, you learn to do those things, and so when she all at once decided she was going to do certain things, I just found that there were things that she was going to do and I really didn't get to be a part of them, and she understood also that if she was going to do what she told the Ethics Committee or the Standards Committee that she was going to do, that she had to do it on her own, and so there were many times when it was her phone call, I didn't even want to know about it, you know, and I had to leave her to her judgment, and that is the way it went.

It is not natural, but it is the way it went.

Mr. JAMES HANSEN. Counsel—if I may ask your counsel a question on this, and I don't mean to second-guess the advice that was given to the Congressman. In no way would I want to do that. Still, on the other hand, I think a lot of us—and we see a lot of legal things that are predicated on the advice that you took from so-called expert engineers, accountants or attorneys as it may be. I am not at all familiar with the law in Idaho or how that would go.

Do you feel the criterion that was given to divide an estate was good advice given to the Congressman? Do you think that was the kind of advice that you would give? Maybe that is an unfair question to you.

Mr. LEWIN. Congressman, obviously I am not familiar with community property and I am not an Idaho lawyer. I will tell the committee as I told counsel quite frankly that when I first entered into this case, I looked at this property settlement agreement and it struck me, as I think many, many people who do approach it with some skepticism. I then sat down with Mr. Runft and he explained to me what the theory of the property settlement agreement was, and why it fit in under the law, and it then made good sense to me, and I think frankly in terms of our informal discussion with counsel, maybe committee counsel have also come to the view that maybe there was some substance to it.

Let me just take a minute to explain it.

Mr. Runft said to me, and as I think he said at the trial, EIGA does not affect anything other than a relationship, which results in a legal right in the other person's property. In other words, each of you Members of Congress have to report the income or the transactions of people as to whom you have a legal right to their property under the law; your wife, your dependents, those kinds of people.

However, if you live with somebody, and there is no such legal right, there is no claim of legal right to that person's property, then that is not reportable. So, said Mr. Runft, if we, by reason of a document under Idaho law, we sever the legal right that Congressman Hansen has to Mrs. Hansen's property or the obligation to her liabilities, it becomes like, as he said, someone with whom you are living without the benefit of marriage, which is not reportable.

There is no requirement that you live your life totally separate from that person. You can have joint property. If it is joint property, you have got to report it, obviously if it is joint, but if it is not joint property, you have no legal right to it, even if the other person may give it to you, and consequently, it becomes not reportable.

If you view it from that context and think about it for a while, I think that is right, so if you ask me is that right, I think if you think of the reasons for limiting EIGA to people who are spouses and not including others with whom one may have other forms of relationships which give them a subjective interest in the other person's property, it makes sense. It makes good sense.

Mr. **James Hansen**. Then you feel that Congressman Hansen is perfectly justified in following advice of his counsel?

Mr. **Lewin**. On that, I have no doubt whatsoever. Mr. Runft is not here and you don't have an opportunity to see him, or to know his credentials, although they appear in the record. He is an excellent, outstanding attorney in Idaho and I would have no hesitation in following Mr. Runft's advice about something if I had some question of Idaho law.

He has litigated cases in the Supreme Court. He is very highly regarded in Idaho. I have no doubt about the Congressman's propriety and justification in following the advice of Mr. Runft who has been his counsel for many years.

Mr. **George Hansen**. May I add one thing very quickly, Mr. Chairman?

The **Chairman**. Mr. Hansen.

Mr. **George Hansen**. With regard to Mr. Runft, he is a University of Chicago graduate. He is the one who took the Occupational Safety and Health Administration Act to the Supreme Court regarding inspections without warrant, this type of thing. He won the case, and he has won several other very significant cases; a very capable person. So, you know, when you get a person that has that kind of credentials, you feel you can pretty much rely on him, but even then I did double check with people like Mr. McKenna, so I didn't rely on just one lawyer.

You might mention also that even the expert that they brought into the trial down there, the Ethics in Government Act expert under the questioning by the prosecutors, he said that on the spouse part of the form that he would check yes, but under the conditions outlined by Mr. Lewin, then he said he would check no. The expert himself couldn't answer that question consistently.

Mr. JAMES HANSEN. Thank you very much, Mr. Chairman.

The CHAIRMAN. Mr. Dixon.

Mr. DIXON. Congressman Hansen, I would just like to follow up on questions Mr. Jenkins asked you about ACT.

Does ACT have its own board of directors or an executive director of any employees?

Mr. GEORGE HANSEN. It is not large enough. We tried to keep the overhead down, so that whatever we had would go into mailings, contact work with people, so I guess I was the paper director chairman, and Mr. McKenna was the paper vice chairman, and an outside party, Mr. Jarman, who was in court, was the secretary-treasurer or whatever, so it was confined to that, and the rest of it was contract work for direct mail and this type of thing.

Mr. DIXON. Does it maintain a bank account?

Mr. GEORGE HANSEN. Yes, indeed.

Mr. DIXON. Where were the loan proceeds originally deposited?

Mr. GEORGE HANSEN. At that time, we were just putting the project on the road, and it wasn't mature enough to have a bank account. It wasn't mature enough to even have a precise name, and we had about a 5- or 6-month period where we were trying to put the resources together, and everything else, so what happened is in the meantime we were accumulating the resources, and the money that was taken from the loan, of course, went into my account until we had a place for it to go.

Mr. DIXON. And you paid out of that account?

Mr. GEORGE HANSEN. I was the one who guaranteed the loans and paid the interest, too.

Mr. DIXON. Does ACT still exist?

Mr. GEORGE HANSEN. Yes. Functionally, we are not doing much right now, obviously.

Mr. DIXON. Right, and I believe it is your position, based on what Mr. Jenkins asked you, that you have subsequently paid that loan off out of your proceeds?

Mr. GEORGE HANSEN. Well, whatever we could recover from ACT, we did, but it ended up that I ended up having to come up with part of it in order to get the loans paid off.

Mr. DIXON. So you have discharged part of that loan through the ACT bank account?

Mr. GEORGE HANSEN. Yes.

Mr. DIXON. Is there any document between you and ACT that says that ACT owes you an amount of money for discharging the balance of that loan?

Mr. GEORGE HANSEN. There were accounting slips and this type of thing which demonstrated that so much money had come from me which was to be returned to me, yes.

Mr. DIXON. So there exists a document?

Mr. GEORGE HANSEN. There is a paper trail, yes.

Mr. DIXON. No, some document illustrating or trying to show that ACT owes you a sum of money for a loan?

Mr. GEORGE HANSEN. Yes, there is a document. In fact, the documents were introduced into court and they are trying to find a memo to bring to your attention right now.

Mr. DIXON. I would just appreciate it if you would, for the record, bring that to our attention.

Mr. LEWIN. There was introduced in evidence, Congressman Dixon, a memorandum of April 7, 1982, from two of the three directors of ACT, which enumerated the obligations of ACT to various entities or individuals. Listed on that—and this was introduced in evidence at the trial; I forget the exact——

Mr. LOWELL. Do you have the exhibit number?

Mr. LEWIN. Exhibit 46, listed April 7, 1982, George Hansen, $135,000. We have copies of that if you would like to see it right now.

Mr. DIXON. Is there any documentation that would indicate that you told this board of directors or a group of controlling persons that you were obtaining a loan in behalf of ACT?

Mr. GEORGE HANSEN. Yes. In fact, I think there is some in that, and I don't know exactly how many other places, but I know that this kind of information is available from place to place in ACT's records. It wasn't any secret, Mr. Dixon.

Mr. DIXON. Thank you, Mr. Chairman.

The CHAIRMAN. Anyone seeking recognition on this side? Anyone on this side seeking recognition?

Mr. Fazio.

Mr. FAZIO. I would just like to briefly indicate to you that I think we need to follow up on the question of the communications that you had with this committee,

How many times did you request of the committee opinions as to what your obligations were under the law?

Mr. GEORGE HANSEN. Which committee?

Mr. FAZIO. This committee. The Ethics Committee.

Mr. GEORGE HANSEN. The Ethics Committee. There are so many committees.

The CHAIRMAN. There is a former Ethics Committee, as I recall.

Mr. GEORGE HANSEN. Yes, Mr. Chairman. Unfortunately, I am about to lose my voice here. I will screech at you.

But there were two committees we were dealing with back in the early days. There was the Ethics Committee and the Standards Committee, and of course, after things kind of settled down after some of the trauma of those days, political and whatever, that it became the one committee in which they loosely use, call you ethics, I guess.

In the big, blue book—did you receive this—there are a number of documents. I can't remember how many, but all during this early formative period about what we were doing, how our finances were being arranged and so forth, there is a very extensive paper trail about letters that I sent to the committee and advised the committee of my financial difficulties, and what it was causing me to have to do and whatever and challenging the committee in a sense to advise me if I am not doing things correctly or whatever, and my wife also doing the same thing; at least two letters from my wife to one or the other committees with copies to the others that I notice are included in here.

There may have been more communications, but I know there are that many, at least.

Mr. **Fazio**. What sort of response did you get from the committees?

Mr. **George Hansen**. Well, with regard to—a lot of times, of course, you end up in conversation or whatever, and so perhaps a response isn't necessary, but in my wife's case, she did receive a response which in a sense said, "Thanks for your letter," and did not pretend to tell her to do what she advised them she was going to do. It was a precise response to her letter.

In other words, there was no one when she advised them what she was going to do, there was no official communication from the committee to tell her she was acting improperly, unwisely or in a way that would be in jeopardy to me or anything else. As far as communications to me, I am not certain, but I do know that we as Members, because of the controversy of the period, my gosh, the committee was being assaulted by members of the press all the time about "What is Hansen doing, what is Hansen doing?" I am sure Mr. Swanner can give you quite a litany or some of the staff members about that type of thing. And so there is no question that I must have been a hiss, in a byword, around here for a good while, and so when we have formal communications from the committee or not, it is not because we didn't have formal contact with the committee, and we did have extensive amounts of letters that we addressed to the committee and committees, I should say.

Mr. **Fazio**. I am wondering if you could cite any verbal or written communication that would sustain the position that you have taken at this point, either to you or to your wife?

Mr. **George Hansen**. Well, the first is we came to the committee. We didn't go act in some cases and not trying to draw aspersions on other Members, but there are a lot of people that do things first and then let you decide whether it is good or bad.

We went to the Federal Elections Commission and asked and we got an opinion. At the same time, we came here and asked for an opinion. To my recollection, I don't think I received a direct answer from the committee, but they did in a sense give me an answer because they made a rule that addressed my question, and so we know without question what was going on.

So on that basis——

Mr. **Fazio**. What was that rule?

Mr. **George Hansen**. What was the technical rule?

Mr. **Lewin**. That was Advisory Opinion 11, I believe, was the response. It came in May 1977.

Mr. **George Hansen**. Right after the Ethics law was passed.

Mr. **Fazio**. What did that say?

Mr. **Lewin**. That said that a fundraising—put in terms of a fundraising campaign—but it said that a fundraising campaign for personal expenses could not be conducted even by an independent committee and even if it indicates that it is for personal expenses of a Member of Congress, and it was pursuant really to that decision that Mr. Runft said, "Well, if it can't be done for the liability of a Congressman, it could be done probably for the liabilities of a spouse," and therefore a property settlement agreement which essentially he assigned to her all those liabilities, would not preclude her from thereby raising funds for her liabilities essentially.

Mr. **Fazio**. Did the committee ever respond to the assertion that Mr. Runft made in his——

Mr. **George Hansen**. Yes, they did in the sense that both my wife and I addressed letters to the committee on several occasions telling them what we were doing, and at least my wife received an answer.

Mr. **Lewin**. Let me, Congressman Fazio, just direct you—I don't know whether you have that book.

Mr. **Fazio**. Not in front of me.

Mr. **Lewin**. The series of letters begins with exhibit 15 in that book which is a March 14 letter from the Congressman to the Select Committee. We have this Federal Election Commission request pending. It outlines what we propose to do, what is your reaction. We think it meets the House rules.

After the Federal Election Commission said it doesn't violate any Federal elections law on April 5—and this is exhibit 16—the Congressman sent another letter to the Select Committee saying, "Now that the Federal Election Commission has approved it, we would like to have your approval."

Then along came the advisory opinion, which said essentially, although not in direct answer, said "You can't do it in that format."

Then came the property settlement discussions, and on June 3, 1977—and this is exhibit 18 in that book—Mrs. Hansen writes a letter very specifically saying "We are now undertaking a property settlement agreement and pursuant to that, I am going out to solicit funds."

It is in response to that that Congressman Preyer responds—and this is exhibit 19—saying, "Yes, thank you for your letter. Your intention to go with a personal fund-raising effort to retire certain debts that you have assumed," and he essentially in the next paragraph says that, you know, "We are not, we do not infringe on your survival rights or your equality," and so on and so forth, and certainly after she has given him that notice, he does not say, "You may not do this." She specified for him exactly what she is going to do. The committee was on notice of what she was going to do. It was done very publicly. The solicitation went all over different States in the United States, and specified to the committee, and he said, "Well"—in response to her—"I appreciate your advising me and we are not interfering with your rights," which essentially said to her you can go ahead and do it.

Mr. **Fazio**. So you are inferring that because it didn't directly deal with the question, that you were given approval?

Mr. **Lewin**. I think the inference was yes, we are telling you here is what we are being forced to do by the situation. We have got the property settlement agreement and I must go ahead in this way. If the committee felt that she could not go ahead, certainly my feeling, looking back on this correspondence, the committee could and should have said to her, "Look, we received your letter. We are sorry to advise you what you are going to do is not permissible under the new rules."

The committee did not say that to her. They said "God bless you and you have got your rights as an individual and you have advised me of your intention to proceed with a personal fund-raising effort to retire certain debts that you have assumed," and she specified exactly why she assumed them.

Mr. FAZIO. That is one aspect of this controversy. What about other communications that would give you the impression, the inference that it was acceptable to file in other cases where this was a question about the approval of Mrs. Hansen's separate filing?

Mr. LEWIN. What happened the following year, 1977, the question was whether she could make solicitations. That is why the property agreement was arrived at. In 1978, the question was how does that apply to disclosures. Mr. Runft advised that Mrs. Hansen's liabilities need not be reported. There was press, a lot of press in Idaho about the fact that her liabilities were not reported, and exhibit 21 is a letter from Congressman Hansen again to the Select Committee on Ethics, this time with copies to the chairman and the ranking minority member of this committee—and that is exhibit 21—and it says, "Look, people in Idaho have criticized me because I have not reported Mrs. Hansen's liabilities. Now I am telling you exactly why I have not." Page 2.

And you will notice all those things that are underlined on page 2 describe the property settlement. It says, "We have done this. We have divided our property, and it is pursuant to that that we are not reporting the liabilities of the spouse," and it states exactly why, and in fact, one need only read that letter—and Mr. Runft testified he drafted it. I mean, it was drafted by an attorney who explained the rationale for what he had done.

Congressman Hansen sent to the chairman of the Select Committee on Ethics, to the ranking minority member, to another member—to the chairman and ranking minority member of this committee—and asked in that letter, you will notice at the bottom of page 2, he says, "I am confident that my filing, done carefully with the advice of legal counsel, is completely in accordance with the appropriate Rules of the House. and in accord with the course of action of which we have kept your office completely advised. At this time, I respectfully request confirmation of the validity of my report."

He asks for confirmation. At the same time, Mrs. Hansen sent the letter, exhibit 22. It is a short letter. It says essentially the same thing. It says, "Look, we have separated. We have got the property settlement, and I do not feel that I am subject to the committee's instruction," and there was a supplementary long letter which is exhibit 23, which described a lot of the background that was sent to the Select Committee on Ethics.

It contained a challenge or a statement, "Look, we are proceeding in this way," and specified the reasons. There was no response, written response, that the committee received. On the other hand, the committee was totally on notice of the settlement agreement, had an opportunity to write him a letter, call him, say, "We want you to come in, explain exactly what this property settlement agreement is about," maybe say, "Are you keeping your assets separately; must you keep your assets separately under the property settlement agreement?" Not a word.

He said, "Here is what I am doing," and the committee accepted it. Everybody went about their way. I think from the Congressman's standpoint, that certainly was implicit ratification, certainly adequate notice, ample notice of what he was doing and implicit ratification of what he was doing.

Mr. FAZIO. Again, your implication was if you got no response from the committee you should proceed on the basis——

Mr. LEWIN. Yes, because let me say it's the committee's function I think under the statute to advise Members of Congress if their reports are not complete, and I submit that given the letter sent in which it says I am not reporting my wife's liabilities because of the property settlement agreement, if in fact that makes the report not complete, then under 2 U.S.C. section 706, I think the committee has an obligation to say your report is not complete, please give us your spouse's liabilities. We don't agree with this property settlement arrangement that you have got.

Mr. GEORGE HANSEN. I might mention, Mr. Fazio, that we have tried time and time again to be fully above aboard, and we have appreciated the cooperation of the committee and the staff. We really have, and we feel we had a right to rely on our relationship and this is 5 or 6 years later and no one has told us until the Justice Department intruded, and I tell you if they can come in and start grabbing something like this, how many other people in this place, 534 other people in the House and Senate and a few others that have to file, how many of them are vulnerable from the Justice Department rewriting the rules 5 years old.

It is a very, I think, shocking thing, and we have no complaints, but I think we are in a position where I had to assume that the Ethics Committee was right in the way they were handling my reports, and I do feel they were, and on that assumption we had a right to rely on them, and I think that if someone were to say we are wrong, then it puts an onus on the committee, and how can the Justice Department, who brought this trial on the basis of inadequate information, not having access to the files and in fact being technically denied access to the files because of their effort through subpoena to get in—and they were denied; it was upheld in court. I guess the point is how can they bring charges on inadequate information, inadequate files, and make them stick.

In a sense they are intruding upon the Congress' area of jurisdiction. I always understood that it was the responsibility of the Congress constitutionally to decide the fitness of Members to sit, not the Justice Department, and I worry about a guy with a badge coming in here and making a police state out of this, whether it's me or you next time or someone else. And, my gosh, they have got all kinds of aberrational areas where they could haul just about anybody out of here for questioning if they wanted to, and that is what worries me.

Mr. FAZIO. Thank you.

The CHAIRMAN. Is there anything further on this side?

Mr. LOWELL. Mr. Chairman.

The CHAIRMAN. Just a moment.

Anything further on this side? Special Counsel?

Mr. LOWELL. I think Congressman Fazio and Mr. Lewin have arrived at a very important aspect of the committee's deliberations, and I want for clarification to set out somewhat what the committee has to consider about this precise issue. You must understand there were two different types of communications between Mr. Hansen and the former Ethics Committee, one in 1977 being his direct solicitation campaign for personal debts in which the issue was could I do what I wanted to do. And the committee in that year anyway one indirect response that is, Advisory Opinion No. 11 out of the 95th Congress, was in response and said you could not.

There was an earlier Advisory Opinion No. 4 which may not have had Mr. Hansen in mind, but also addressed whether a Member or a spouse could do the exact same thing. At the time Congress was operating under its own financial rule which was old Rule XLIV. It was changed in 1977 to become new Rule XLIV which had a different scenario of reporting—I am sorry, in 1978. In 1978 was the first time that Congressman Hansen brought to the Ethics Committee the question of whether or not what he was doing in terms of reporting was proper in the fashion that Mr. Lewin said, in that May 9, 1978, letter.

The questions that the committee has to arrange in their own minds are the order of whether or not the report came first, the advice second and the inquiry to the report.

Second, when the Congressman does say that the letter, when he said that the letter told the committee what he was doing the question obviously that they will have to consider is did the letter in fact tell the committee what it was doing, and he was doing, and everything was doing, and when he says he put the committee totally on notice as to his property settlement agreement in fact did he put the committee totally on notice, and whether or not in the same way did he tell his lawyers the same advice.

For the committee and for the lawyers you must understand that the defense at trial was an advice of counsel defense very much, that you do have to rely, and this goes to Mr. Hansen's question, you have the right to rely on good or bad advice whether or not you think it is good or bad, you have the right to rely on it, if you, No. 1, went and got it in good faith, and No. 2, told your lawyer, and in this case the committee, everything it needed to do to give you that advice.

And then, No. 3, you then relied on it in good faith, and that is very much the question which the jury had to consider and it is very much the question that independently without regard to the jury verdict that the committee has to, and I hope that that chronology not only puts the correspondence before the committee but the questions that the committee has to deal with as well.

The CHAIRMAN. Mr. Lewin, do you want to respond?

Mr. LEWIN. Might I just deal with just one of the points I guess that Mr. Lowell——

The CHAIRMAN. Go ahead.

Mr. LEWIN. Just briefly one of the points Mr. Lowell mentioned. He said one of the factors to consider is whether the report came first and the advice later. In 1978 certainly it was a result of the fact that there was publicity in Idaho, that the correspondence resulted. However, as I think everybody is aware, these reports are filed, and are liberally amended. If the committee had in 1978 in response to the Congressman's letter said you have got to report your wife's liabilities, certainly he could have done that in June of 1978 and not have done anything that would have been improper or subject him to the kind of criminal prosecution he has been subjected to. So I think it is really not very relevant which came first and which came later with regard to the report.

The CHAIRMAN. Anything further from any Member of the Committee?

Anything further, Special Counsel?

Is there anything further Mr. Hansen, or Mr. Lewin?

Mr. GEORGE HANSEN. Mr. Chairman, I just want to take 10 seconds and tell all of you I know it has gone much longer than you have intended and you have been most generous with your time and your understanding. I guess the one thing, Mr. Chairman, that I feel so sensitive about this is that it is not just George Hansen who is before you, but it is how you file and how Members have filed for several years, for a great number, maybe most of the Members of Congress, and that is what I think is so very sensitive, and I regret that I have to be in a sense the guinea pig here. But on the other hand, apparently it is an area that if it isn't tried on me it is going to be tried on someone else, or may follow up with someone else. So I think that it is very important that we get it addressed and taken care of, so that the rest of the Members and hopefully all of us can file in some comfort from now on knowing where we are going and what is expected of us, and who might make whatever out of it. So I do want to thank you very much for the time you have taken and all of you, for your consideration, and especially the Special Counsel. They have spent a lot of time with my attorneys, and I think they have been most generous and most kind in trying to find out what the problems are.

It took my attorneys a lot of months to get this thing sorted out and they had to do it in a short time and I really appreciate it.

The CHAIRMAN. Thank you very much, sir.

If there is nothing further from either side, then at this time we will excuse all parties. The Chair would say to the committee we have one other matter that we should be able to dispose of very quickly.

[Whereupon, at 12:50 p.m., the committee proceeded to further business.]

STATEMENT OF CONGRESSMAN GEORGE V. HANSEN BEFORE THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT, MAY 17, 1984

The right to trial by jury was designed to give a person who is accused of an offense an opportunity to present his case before his peers. Today—for the first time since I brought a blackmail letter to the Department of Justice more than three years ago—I feel that I am being given that opportunity. For the past three years I have had to respond to baseless insinuations by investigations and prosecutors who had motives other than achieving justice, and I have had to defend myself before a jury composed largely of present and former Executive Branch bureaucrats who were easily misled, affected by current headlines, and inflamed against a Congressman described by a prosecutor as "politically corrupt" or "unethical."

All I ask of you today is to judge the evidence fairly and realistically. I know that the charges made against me in federal court are baseless, and I have enough confidence in our system of justice to believe that this truth will ultimately prevail. I know that I committed no criminal or unethical act in filling out my Ethics in Government Act forms, and I believe that if you take the time and trouble of measuring the prosecutor's charge against the proof, you will also be satisfied that I am completely innocent. Please do not assume that simply because a jury has returned a verdict, the evidence proved the government's charges. It did not. Take the trouble to look at the documents and the key testimony yourself. If our roles were reversed and I were judging you, I would not act on any presumption or assumption of guilt. I would rely on my own independent judgment, and I ask you to do the same.

My counsel have given you some briefing materials that provide the framework of the charges and the evidence. My lawyers and I think—and we believed at the time of my trial—that the evidence conclusively established that when I did not list my wife's debt to a Dallas bank and her profit in a silver commodities transaction on my EIGA forms, I was doing so on the very solid advice of attorneys on whom I have relied for many years and on the assumption that this Committee, as well as the Select Committee on Ethics, recognized that the omission of Mrs. Hansen's assets and liabilities was based on the attorneys' sound legal position.

We believed it was unnecessary for me to testify in federal court because I could add little to what the attorneys who had advised me had said from the witness stand and what the documents had established. The prosecutor's conduct when Mrs. Hansen had testified demonstrated that he would pull out all stops in efforts to embarrass me, to mislead the jury, and to inflame public opinion. And the trial judge had shown no inclination, at any point in the trial, to restrict what the prosecutor wished to do. Consequently, my counsel and I determined that it would serve no purpose for me testify at that trial.

In this forum, however, I have elected, without hesitation, to appear before you to assure you of my good faith and my innocence and to answer any questions that you or the Special Counsel may have. I know what I did and did not do, and I can tell you with a clear conscience that the allegations which are the subject of this proceeding—the claim that I made false entries on my EIGA forms—are simply false.

My counsel's submission—which I hope you have all read—lays out how this witch-hunt against me began—how my complaint about criminal conduct designed to ruin my reputation encouraged the Justice Department perversely to investigate me. After the most energetic and thorough investigation—in which I and Mrs. Hansen cooperated by making ourselves and others available—they filed only charges that are totally unprecedented. Criminal allegations that a false EIGA form was submitted have been made against none of the many thousands of Executive Branch employees who file each year. The first case in the history of the Nation was brought against a Congressman who had been the victim of a totally false extortion threat. The case was filed by prosecutors who were frustrated because they could find nothing else to accuse him of after two years of investigation.

What was the basic charge? Three of the four counts charged that I had not disclosed on my EIGA forms two aspects of my wife's finances which grow out of the only efforts Nelson Bunker Hunt ever made to assist the Hansen family in any way in resolving our very difficult financial problems. In 1977, after Mr. Hunt had been responsible for steering my wife to a $33,000 loss in soybean futures trading, he assisted her in arranging a loan from a Dallas bank to cover her obligation. That loan was not reported in 1979 or in 1981, after Mr. Hunt, who had guaranteed the loan, had purchased it from the bank when Mrs. Hansen could not pay it. Nor did my EIGA forms include the one successful commodities venture recommended to Mrs. Hansen by Mr. Hunt—a silver futures transaction that resulted in an $87,000 profit.

My reason for not reporting Mrs. Hansen's transactions had been repeatedly explained to the House Ethics Committee and to members of this Committee, as well as to the Committee staff. In the materials provided to you by my counsel you have copies of the letters I sent on this subject. They demonstrate that well before financial disclosure had become an issue, our Idaho lawyer had advised Connie and me to sign a "Property Settlement Agreement." That Agreement was mischaracterized repeatedly to the jury by the prosecutor. It was never designed to force us to keep separate assets or separate bank accounts. It simply cut the legal right that a husband and wife have to each other's assets in a community property state. Because of the Property Settlement Agreement, Mrs. Hansen was permitted in 1977 to solicit contributions to pay the enormous debt that had built up in the preceding toward two-and-one-half years.

When the issue of financial disclosures arose in 1978, I asked my attorney, John Runft, what my obligations were under Rule XLIV. He concluded that the Property Settlement Agreement meant that the assets and liabilities of Mrs. Hansen should be treated like assets and liabilities of a person I might be living with without the benefit of marriage. Even if that person allowed me to use her assets or money, I would still not be expected to report them on a Financial Disclosure Form.

You may agree or disagree with that conclusion. I agree with it. It makes sense to me now, and it made sense to me then. But even it you disagree with it, you surely must recognize that I acted in good faith when I followed his advice, when I wrote to the House Ethics Committee in 1978 explaining precisely why Mrs. Hansen's assets and liabilities were not on my Financial Disclosure Form, when I asked the Committee to "confirm" the validity of my report, and when I sent copies of that letter to the ranking Members of this Committee.

I ask you, what more should I have done? What more would you have done? It has been suggested to me that I should have resolved all doubts in favor of disclosure and have listed the $50,000 debt and $87,000 silver profit even though they were Mrs. Hansen's. But what would that have meant to the legal position that Mr. Runft had taken in 1977, when he insisted—entirely correctly—that Mrs. Hansen's liabilities, after the Property Settlement Agreement, were hers alone?

Let me confirm here and now an important observation that my Staff Assistant Jim McKenna made during his testimony at my trial. He said that the question whether Mrs. Hansen's liabilities or transactions had to be reported on my EIGA form was "considered closed" many years ago. It had been a question on which I sought legal advice in 1978, in connection with the House's Financial Disclosure Form, and in 1979, when EIGA was a new law. It was a subject of substantial discussion among my lawyers and me. A conclusion was reached in 1978. The same conclusion was reached in 1979. That conclusion was communicated to this Committee in language that could not be misunderstood. I believed that everyone who had an interest knew that my wife's debts and property were not being reported—not, of course, because the "three-part test" of EIGA applicable to spouses had been met, but because we had a Property Settlement Agreement and the Committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after that Agreement.

My confidence in that understanding was so great that I had not the slightest fear of self-incrimination of any kind when the blackmail letter arrived. I brought the entire matter to the Justice Department, and I did not give the matter of financial disclosure any thought whatever. FBI agents came to visit me in September 1981—five months after I had reported the blackmail—and I told them then, as I am telling you now, that I did not report the profit from the silver transaction because the consensus of my lawyer was that "any transactions solely entered into by" by wife were not subject to disclosure. That explanation appears right in the FBI agents' report that was submitted almost 20 months before I was indicted. Look at Exhibit 5 of the Blue Appendix you have before you.

What did the prosecutor say about the fact that I had followed my lawyer's advice? The quote is at page 70 of the Briefing Book: "He is not Joe Schmoe on the street who doesn't know anything about the law. He is a lawmaker himself. He knows how to read. He knows that—the laws are passed by Congress. He knows what Congress was up to when they passed the Ethics in Government Act."

What does that mean in plain English? It means that Congressmen are supposed to know the interpretation that the Justice Department or some other part of the Executive Branch claims to be the law. You and I—just because we are Members of Congress—have no business asking a tax lawyer what a section of the Internal Revenue Code means. Everybody else may be unsure and may take legal advice. Only a Congressman must ignore what his lawyer tells him. "Equal Justice Under Law"—the words on the front of the Supreme Court Building—applies to everyone except Members of Congress. Well I don't buy that, and I don't think you do either.

In addition to the three years in which the Justice Department claims I did not report a debt and a profit of Connie's, they claim that in a fourth year—1981—I failed to report $135,000 in loans that were borrowed for a citizens' organization formed in 1981. The organization then initiated a large and expensive mass-mailing in early 1982 for which the full $135,000 was used. The prosecutors' point was that I had signed the notes for these loans, so they were technically my debts.

I suppose that is true. The obligations were technically my obligations. But I did not borrow this $135,000 to pay off my personal debts or to buy a yacht, a Rolls-Royce, or even a snowmobile. I borrowed it, as the lenders plainly testified, for a public project. And every penny of the $135,000 I borrowed—and more—actually went to pay the very high costs of the mass-mailing which the organization conducted. That seed-money was to come back to the lenders from contributions responding to the mass-mailing.

By May 15, 1982, I no longer had, in any form, even one penny of that $135,000. The organization for which it had been borrowed was established, and it had sent out letters to almost one million citizens urging them to support drastic tax reform. Should I have reported the $135,000 as my debt, thereby making it appear as if I personally had kept that money and not used it for the designated public project as planned?

I did what I believe any careful person should do: I sought the help of a professional. Jim McKenna is my staff attorney on whom I rely each day for technical opinions on questions of law. He was a member of the board of the citizens' organization, and he advised me that the debt was not reportable under the law. We also discussed what ended up being the critical factor: Because there was, and continues to be, great fear among our people that the Internal Revenue Service retaliates brutally against anyone who opposes it, we had promised total anonymity to anyone who contributed money to the organization, which was called the "Association of Concerned Taxpayers." The letters sent to the public repeat that promise several times. If I reported these loans on my EIGA form, I would also have had to disclose—either on the form or in answer to the inevitable reporters' questions—what I had done with so much money in 1981. If I answered truthfully, I would violate the promise of confidentiality that we were making to encourage contributions to ACT.

Please do not misunderstand me. The need for confidentiality would not override a clear obligation under the law. But the obligation to personally report funds raised for a legislative project was far from clear. Jim McKenna's view was that I was, in actuality, a personal guarantor of the three loans, which had really been made to ACT. There is no requirement to report on EIGA forms debts that one has guaranteed. Since there was legitimate legal question whether a report was required complicated by the project requirement for confidentiality, the spirit and letter of the EIGA report seemed best served by specifying my affiliation with the non-profit tax reform group which had a financial life of its own.

Did I exercise bad judgment in omitting these loans? I don't think so. But, even so, it was hardly a crime or any unethical act. As everyone here knows, it is very common for Members of Congress to be affiliated and even financially involved with legislative cause groups and seldom, if ever, are the liabilities of such groups mentioned on an individual's EIGA report. And more so, the hundreds of people each year—in the Legislative, Executive and Judicial branches—who amend their EIGA forms after omitting assets and liabilities because they claim to have "forgotten" them or because they believed they were not reportable are as culpable, if not more so, than I. When the prosecutors came across these loans did they communicate with me and ask whether I wanted to amend my 1982 EIGA form to reflect them—as the Attorney General, Mr. William French Smith, was asked to amend his EIGA form when an omission was disclosed? No, sir. I was indicted and forced to stand trial.

The irony, my friends, is that I spent two weeks in federal court, and that I have been forced over a three-year period to incur legal expenses of $300,000 with a threat of imprisonment and a fine, not because I embezzled, stole, took bribes, or otherwise enriched myself, but only because I and my wife were in great debt—and the prosecutors claim mainly that I did not disclose how very great our debt was. You read every day about people who go to jail for taking hundreds of thousands or millions of dollars from private concerns or from the public treasury. Have you ever read of anyone, in this day and age, who is a criminal because he is, or was, too deeply in debt, particularly a debt caused by public service?

And where did I err? I went as far as I could to insure that the very many kind individuals who had helped the Hansens financially by lending us money when we were beset with attackers from all sides would be repaid totally. I was not about to settle my debts for a few cents on the dollar as some public officials have done. And I was not ready to file for bankruptcy—as I surely could have done—and thereby disappoint—and even injure—those who had trusted me when I needed help. After the many small loans had been made by our friends—in March 1977—this House changed its rules drastically, so that Mrs. Hansen and I were unexpectedly left with no practical way of obtaining funds to repay our loans. It was in that desperate situation that our attorney John Runft thought of the Property Settlement Agreement as a legal means of achieving the repayment of our debts. Was that objective an unethical one? I believe that it was a worthy goal, and I am proud to say that no individual who has offered our family financial assistance has been let down by us.

Forgive me, please, for believing that rather than being a perpetrator, I have been the victim, of one unethical act after another. I was the target of vicious and baseless political attacks in 1975, designed to keep me from the House. I have been the victim of the unlawful theft, dissemination and distortion of my personal credit report and of confidential income-tax information. I was an object of very scornful and demeaning publicity when my politically caused financial distress, accompanied by a change of the House rules, made it necessary for my wife to assume our family's personal liabilities and seek public contributions. And I was one of two intended victims of a blackmail plot executed in March and early April 1981.

All this made me the "target" of a Justice Department investigation. But the investigation produced nothing beyond the claim that I had, in three years, under-reported our family's debt and had, in one year, failed to report a profitable transaction independently made by my wife which had been utilized principally to pay some of that massive debt. That investigation did, however, lead to the most reprehensible and damaging of the acts committed against me, a totally unjustified and slanderous prosecution.

The frustrated prosecutors, who admitted in my office to Jim McKenna and me that after a year of searching for a corrupt bargain they "had the quid, but could find no quo," charged me with criminal offenses and succeeded in driving their charges past a District of Columbia jury. I am here hoping that you will exercise your constitutional and legal authority to correct this miscarriage of justice so that I might continue to fully and properly serve the people who have elected me, people who, I believe, continue to have confidence in me to speak out for them and to represent their needs and aspirations. Certainly the people should not be deprived by legal or bureaucratic manipulation of their right to freely choose their representative in Congress.

Thank you.

SUPPLEMENTAL STATEMENT OF CONGRESSMAN GEORGE V. HANSEN BEFORE THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT MAY 17, 1984

When a man has devoted most of his adult life to public service it is difficult for him to finally comprehend that men who have no commitment to those he has served over those years can end his political career almost on a whim.

I am in such a position now. In appearing before you and in delivering this statement, I will undoubtedly repeat matters about which you will have read in the public press or seen in the report of your Special Counsel or the representation of my own counsel. I ask your indulgence for what may appear repetitious and justify it in the confidence that you will understand that this is my only opportunity to talk about this case with my peers.

Taking nothing away from the judicial process, neither the judge, the jury nor the prosecutors could possibly have understood or judged adequately either the nature of the system nor the import of the facts used against me in court.

In order to assist you to see this matter in its proper light, I ask your patience in allowing me to describe the context of this case in human and in professional terms without attempting to be what I am not, a lawyer.

EIGA itself. Most of you were in Congress during the debates on this Act. All of you are aware of the attempt to shore up the image of those who occupy elective office flowing from the events in 1974 and from the precipitous slide in the minds of the public concerning the reputation of office holders. The result of those concerns is the Ethics in Government Act.

Sitting on this committee, you are more keenly aware than most Members that the purpose of the EIGA was to prevent conflicts of interests and the misuse of office by legislators. Disclosure of financial information was mandated as a tool, not as an end in itself.

The importance of that disincentive to my case is crucial. After over a year of intensive investigation of my affairs and my relationship with creditors (whether of myself or my wife is irrelevant to this point), my accusers in the Public Integrity Section of the Department of Justice sat in my office and admitted that they had no evidence that I had misused my legislative office in any way. Indeed this is not surprising since there was nothing to find. In twenty years in Washington neither opponents, enemies nor media has ever made nor had reason to make such an allegation.

As though to emphasize the point, the prosecutors then spent an additional ten months trying to find some other basis upon which to charge me with a crime. Finally, more than two years after I brought a blackmail note to the Department of Justice, they settled on indicting me for failing to report six personal financial transactions over a period of four years reports.

Of those six items, three were debts for which I assumed responsibility; two were debts of my wife and one was a commodity transaction on which my wife made a profit. I will discuss the particulars of those transactions with you in a moment. For now, I would merely remind the Members that these are hardly the kind of items which would, on their face, be likely to be the source of conflict of interest or misuse of office. I remind you that a man above reproach and a severe critic of Watergate opposed provisions of the EIGA for precisely the reason which places me before you now. Senator Irvin pointed out that it was a great burden to force a public man to reveal his liabilities. I think he was right. Great wealth is often its own justification. Indebtedness, merely as indebtedness, carries a vague stigma, especially for the elective office holder.

When, pursuant to the requirements of House Rule 50, I brought the current matter to the attention of the Leadership Group of the House, one of that group observed that it was outrageous that I was being prosecuted for owing money. While the case is more complicated than that, the remark does highlight the point that I am making. Nothing in the items which were not reported were in any way, either in intent or effect, an attempt to defeat the purposes of the Ethics in Government Act. No one has alleged against me any conflict of interest or self seeking in connection with these items or any other matters.

EIGA'S SANCTIONS

Returning to the legislative history of EIGA, I think that it is fair to say that all of us understood that we had voted down criminal penalties as the sanction for violations of EIGA in the legislative branch. It was not that violations were to go without consequences. Unlike the judiciary, and all but two persons in the Executive Branch, in addition to supervision by this Committee, we were subject to the precise sanction most appropriate to the elected branch of the Federal Government. Our constituents had the ultimate sanction of the ballot box.

Until the bizarre intepretation by the Department of Justice in my case, most Members believed that the issue of criminal sanctions had been rejected by the Congress. The most practical proof of that understanding is the memo sent to every Member of the House by the Clerk of the House after I was indicted, warning Members that the Department of Justice had asserted in my case, without reference to the internal working of the House disciplinary machinery, its right to seek criminal sanctions in EIGA disclosure matters.

So that there is no misunderstanding, my attorneys moved to dismiss the indictment against me on the specific ground that there was no authority under EIGA for criminal sanctions. The District Court upheld the Department's contention. Although this will be part of my appeal, if necessary, from the conviction, the present state of the law is that every Member of Congress is subject to criminal charges for EIGA violations.

Even worse, the Court has held, on another motion, with the esoteric name of Materiality, that, in essence, any misstatement in an EIGA form is sufficient to support a felony indictment under 18 USC 1001 as a false statement. Members of the Committee, I will ultimately win the legal battle, but it is not yet certain that I will survive the political damage. That damage is not that this Committee found that I should report or should have reported specific items, it is that I have been hauled before a Court and convicted of a failure to report items. It is exactly this result which the Congress had thought to prevent. To an official subject to election, a criminal accusation is damaging. An investigation is more damaging. An indictment, regardless of its merits, is even more damaging. A trial, with or without conviction, can be politically fatal. The Congress rightly understood that this Committee and its Senate counterpart would be the proper judge of the gravity and the reality of such charges. They would, in a very real sense, interpret for the public what was involved in EIGA violations referred to it.

Finally, none of us understood that we were repealing the Constitutional protection of our constituents embodied in Article I, Section 5, clauses one and two. It is clear that, under the new dispensation, each House is no longer the judge of the qualifications of its own Members, nor is it the judge of the punishment of Members for transgressions of its internal rules. All members, it now appears, will be at the disposition of the Department of Justice lawyers. It was the contention of my attorneys in attacking the indictment on Constitutional grounds that such an interpretation would radically shift the balance of power in favor of the Executive and to the detriment of the Legislative. Both the District Court and the Circuit Court of Appeals were unpersuaded.

BACKGROUND ON THE ALLEGED OFFENSES

I was charged with willfully, knowingly deceiving a federal agency, i.e., the House, in failing to report the six items I referred to earlier. Without reference to the particular items and to my position on each of them, let me point out to this Committee the single most glaring hole in such a theory of concealment.

Please consider what each of those items would have added to the disclosures made in compliance with the EIGA requirements. A loan made by my wife would have been added in 1979. A transaction by my wife would have been added in 1980. A loan by my wife would have been added in 1981 and three loans by me would have been added in 1981. Against a background in the reports of loans already on the forms, the loans would have literally meant nothing. The so-called silver transactions would have been the sole item which had not appeared over the years on my forms. Members of the Committee, the simple truth is that common sense tells you that concealment is not a credible motive for their omission.

Against that incredible theory lies the actual fact of history. I volunteered to bring the blackmail attempt to the Department of Justice. That disclosure to the highest level of the Department guaranteed that my entire political career in federal offices, both elective and non-elective, would be carefully scrutinized. Both on the day I reported the note, April 6, 1981 and in at least four other interviews with representatives of the FBI and the office of Public Integrity, I delivered to them every scrap of information in my possession about those transations which were involved. Both the FBI and Public Integrity went into the field and interviewed the lenders and, I might add, many of my constituents about my legislative activities and my financial matters. Almost every item of information which formed the basis of the indictment against me had been volunteered by me to these investigators willingly. They went to the Department of Agriculture where I had been employed more than a decade before any of these issues had arisen, in a thorough, and, I feel, less than honorable attempt to find something to use against me, rather than to find out whether in truth I had ever betrayed my trust. Even then, after it had become obvious that they were looking for an excuse to indict me, I continued to cooperate in the firm knowledge and conviction that my conduct was above reproach.

It was only after all this intensive investigation that they admitted that they were unable to accuse me of conflict of interest or misuse of office. I ask you to look at these four counts and six items in that context. In a perverse way, there is reason for pride in having been subjected to microscopic examination by hostile investigators, only to have them reduced to bringing charges based upon a tortured interpretation of two satutes and using information which I had volunteered to them within the first few weeks of the investigation.

COUNTS 2, 3, AND 4

As your Special Counsel has undoubtedly explained to you, these three counts involve reporting omissions of my wife's transactions. Count two is a loan to my wife from a Dallas Bank, necessitated by a loss in a soy bean transaction on the commodities market. Mr. Hunt, who had advised her on the transaction, introduced her to the bank and guaranteed the note. After making some interest payments, she was financially unable to retire the note and the bank called Mr. Hunt on his guarantee. He bought the note from the bank and, with interest added, this note is count four.

Count three is a transaction in the commodities market on silver on which my wife made $87,000. As I told the Department of Justice and the FBI on many occassions, she was advised in her investment by Bunker Hunt. It was this transaction which was the basis of the blackmail attempt.

Why weren't these two or three transactions reported? Your staff and Special Counsel have read the scores of pages of legal wrangling at the trial, reflecting the dispute over whether I should have relied on the advice of counsel and over whether I had told him everything he needed to know to give me reliable advice that these items were not reportable.

From this layman's point of view, the dispute is incomprehensible. As a result of a prohibition on fund raising efforts to retire politically related debts issued by the Ethics Committee, my attorney, my wife and I arranged a separation agreement under the laws of the state of Idaho, which is a community property state. That arrangement was undertaken without reference to and without even considering the effect of the agreement on a disclosure law which was not then even under consideration in any recognizable form in the Congress. It was to free my wife to undertake fund raising to retire my sizeable political debts. The items in counts two and four were dealt with in that agreement by my attorney. It is difficult for me to see how he could have been more informed about them.

By the time of the silver transaction, I had been following the advice of counsel that my wife's transactions were outside my reporting for two years. I did not ask him about this specific transaction. Perhaps that was not wise. In retrospect, it is easy to suggest alternative courses of action. At the time, it was clearly within the procedure we had set up years earlier.

Beyond the question of reliance on the advice of counsel is the underlying question of the effect of my relations with the Ethics Committee itself. After the Committee forbade me to raise funds to retire politically related debts, my wife corresponded with the then Chairman of the Committee, Mr. Preyer. In effect, she told him that she had the right to achieve and protect fiscal soundness for herself and her family, regardless of the fact that her husband was bound by his Committee's determination. That letter was not entirely diplomatic. Mr. Preyer's response was not as unyielding to her as it had been to me. I am sure that these letters are in Committee's files to this day.

Thereafter, both personally and through the same counsel, I advised the Committee of the separation agreement and the conclusion we had reached on its relation to reporting. In fact, in one letter, I called upon the Committee to confirm that my filing was in conformity with the existing rules. I received no answer to that letter.

For at least the past four years, your staff director has asked to discuss the separation agreement. One of my staff, an attorney himself, at my direction, has over those years been in contact with him regarding this agreement. What is evident is that for all these years, the Committee, both directly and through its senior staff, has been aware that my filings did not include my wife's financial transactions. It is also clear that I have responded to Committee direction in my attempts to achieve financial stability.

I will leave it to the lawyers to make refined legal arguments over the clear facts and how they influence the court case. But I think that I am justified in directing to the Members of this Committee the question of how I was knowingly, willfully and falsely filing the disclosure forms when the record is as it is in this Committee.

I am aware that the legal position is that the Committee is under no legal duty to respond to my request for confirmation of the adequacy of my flings. I am equally aware that an argument can be made that the request was made under the old rules and not under the new statute. But I ask the Committee to look beyond the technical, legal arguments and make its determination on the realities of the case.

If I sought legal advice on these filings; if I asked for Committee input on the propriety of my position and am yet responsible to foresee an adverse determination by the Committee or improper intent five years after the original fact, how will any Member who has not made such attempts at conformity protect himself against criminal charges for omissions on his forms.

Let me be clear. With the exception of one Member who announced on his form that he was not reporting his wife's income I have not, either before the Court or here, cast any doubt on the filing of any Member. I am too keenly aware of the potential for disaster through media misrepresentation to take any solace from the filing lapses of my peers. I view with dismay the potential for internal discord within the House arising out of the ill-considered attempt by the Department of Justice to supercede the essentially conciliatory capacity of this Committee. It is hard to see even the value of an advisory opinion from the Committee, if the Department of Justice persists in acting in the role of a court of first impression on these filings.

COUNT ONE

The first count of the indictment is different from the others in that it does not involve transactions of my wife. The facts of the matter are as follows:

For several years, I have been disturbed by the growing evidence of collection excesses by the Internal Revenue Service. These concerns first lead to my writing a book in 1980, called "To Harass Our People" in which I set forth a series of grievances against the IRS. The last two sections of that book set out the outline for remedy of the problem. They recommend the enactment of legislation restraining the collection practices of the IRS and the enactment of a flat rate income tax as a substitute for the progressive rate tax which I view as a failed social experiment.

In July and in October of 1981, I introduced two bills, the Taxpayer Protection Act and the Tax Simplification Act. These bills were again introduced at the beginning of this Congress as H.R. 170 and H.R. 171. In seeking cosponsors for these measures in 1981, I was met with a strange reaction by other Members. Many told me that they would go on the bills, but only after there were fifty or a hundred or a hundred-and-fifty other cosponsors. These Members were literally frightened of reprisal by the IRS for being connected with limiting legislation.

This led me to distribute a questionnarie among Members in which I asked whether the Member of his staff had had any unsatisfactory contacts with IRS. The responses were to be anonymous and confidential. The response indicated disproportionate adverse reaction to IRS.

In addition to the fact that I am a populist politician, this obvious fear of IRS made it plain that any hope of getting consideration for reform legislation would rest with convincing Members that there was a substantial constituency in the public for substantial fundamental reform. I therefore turned to the formation of an organization to engender and focus a demand for legislation. After all sorts of problems, the Association of Concerned Taxpayers was formed in September, 1981.

In order to get ACT underway, origination costs were variously estimated, but never less than one hundred thousand dollars. I borrowed that money from three men who had previously expressed their interests in fostering the ideas expressed in my book. The loans totaled $135,000. They were borrowed in July, August and November, 1981. By March 1982, I had expended that sum on getting ACT going and a considerable additional amount. ACT took the amounts of the loans as a liability to me on its books.

In May, when the forms again became due, I went over the situation with a staff member who is an attorney. It was his opinion that since the money had been borrowed to finance ACT, of which I was the president, and since it had been expended for the purposes for which it has been borrowed and since ACT has acknowledged its obligation in the same amount to me, that it was in its intent a loan for the organization and need not be reported. Very influential in that decision was his and my real apprehension about IRS retribution against opponents. From the first we had promised contributors anonymity. That promise had appeared prominently in our mailings. I listed my position as president of ACT on the disclosure form and omitted the loans.

Subsequent events have made the names of those lenders prominent, but it was not of my doing and I felt then and feel now that my commitment to confidentiality and the representative character of the transactions are factors which determined my course of action. In essence, the transactions do not differ from other Members who sign on behalf of organizations for which they act in a representative character without even thinking of the matter as personal.

CONCLUSION

The issues which this matter compels you to address concern me and in my own individual capacity, I urge you to deal with the matter fairly and in the context of what is the fair solution to this case. I am confident that, viewed in that light, you will exonerate me from the taint of wrongdoing.

These same issues have a decisive influence on the role of this Committee and its ability to continue to function in aid of Members who look to it for assistance and guidance in dealing with the new political realities of living and working through a maze of forms, disclosures and regulations in an arena where now everything about a political figure is in the public domain, the modern fishbowl reality of political life.

Your determination in this matter will, whether I will it or you will it, is of grave consequence to the retention of any internal function under EIGA. It is clear that, uncontested, the Executive Branch will now have a formidable tool in its dealings with the legislative. In this respect, though my individual case may be of small consequence on some cosmic scale, it will, by the sure operation of the mathematics of politics, be of great moment to us and our successors in the Legislative Branch.

On the merits, I am convinced that this matter should be determined for me. If EIGA is not susceptible of criminal sanctions, as we all understood was the case, then we should not be here in a Rule 14 proceeding, and I ask you to uphold our understanding of what we did in EIGA by dismissing this case on that ground. As a precedent for a new and different standard to be used against Members without their prior knowledge, this case should be dismissed.

I am confident that your judgment in this matter will vindicate me, this Committee and the House of Representatives.

Thank you.

BEFORE THE COMMITTEE ON STANDARDS
OF OFFICIAL CONDUCT OF THE
UNITED STATES HOUSE OF REPRESENTATIVES

98th Congress
2d Session

IN THE MATTER OF

CONGRESSMAN GEORGE V. HANSEN

BRIEFING BOOK ON BEHALF OF CONGRESSMAN HANSEN

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May 15, 1984

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INTRODUCTION

This Briefing Book on the case of Congressman George V. Hansen of Idaho is being distributed to the Committee Members in advance of the hearing scheduled for May 17, 1984, to provide a summary of answers to five important questions:

1. Why was Congressman Hansen indicted?
2. What did he do?
3. What was his defense?
4. Was the jury verdict fair?
5. Was a violation of House Rules committed?

These major questions are considered, in sequence, in the text of this Briefing Book. In order to demonstrate, with specificity, the various points on which we rely, we have incorporated in our text some photostatic portions of documents and transcripts from the pretrial and trial proceedings. We have also collected in a separate bound Appendix the full original documents from which we have excerpted, as well as other documents cited in this Briefing Book but not incorporated in the text. In this way we hope the Committee obtains a full meaningful narrative of the events while having access -- whenever it believes access is useful -- to the entire document from which an excerpt is taken.

Before we begin the narrative, let us briefly state our position. It is, very simply, that Congressman Hansen did nothing wrong. He committed no criminal offense and engaged in no conduct that violates the Code of Official Conduct or any applicable law, rule, regulation, or other standard of conduct. He completed and filed the reports required to be filed in 1979, 1980, 1981 and 1982 under the Ethics in Government Act in good faith, to the best of his ability and in accordance with the professional advice of attorneys whom he consulted. He advised this Committee in writing of the basis for his attorneys' conclusions and the grounds on which he was not reporting his wife's liabilities or income. The Committee never indicated that it disagreed with these attorneys or questioned their conclusions. A fair evaluation of all the evidence -- including, of course, all the relevant evidence produced by the prosecution in the United States District Court -- establishes his innocence. It surely fails to prove, by the standard of "clear and convincing evidence," that he was guilty of anything. Pursuant to Rule 14 of the Rules of this Committee, the Members should determine that there is no basis to conclude that any violation was committed.

I.

WHY WAS CONGRESSMAN HANSEN INDICTED?

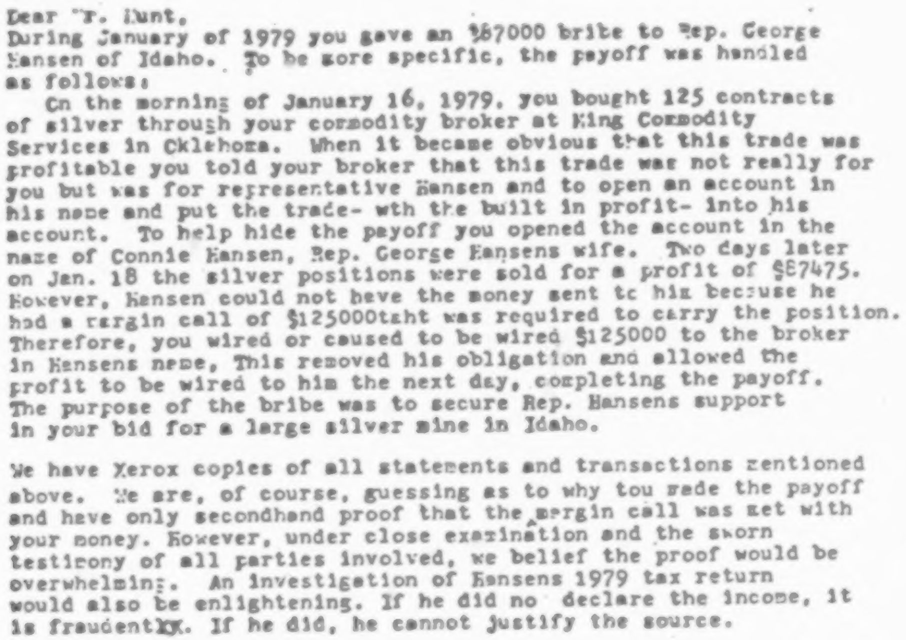
Between March 17 and April 2, 1984, Congressman Hansen stood trial in United States District Court in the District of Columbia on a four-count indictment charging him with the crime of submitting false statements to an agency of the United States Government by omitting certain debts and a silver commodities transaction from Ethics in Government Act reports filed in May 1979, 1980, 1981 and 1982. We discuss at pp. 66-74 why we believe that trial was unfair and the jury's verdict should be ignored totally. Congressman Hansen is the first person to be charged with a criminal violation because of alleged omissions in his EIGA forms. No member of the Executive Branch has, to this date, been charged with such a crime. One federal judge -- who was also accused of receiving bribes -- has been similarly charged since Congressman Hansen's indictment. Before we discuss the particular evidence relating to guilt or innocence of the charge made in federal court, it is relevant to consider how Congressman Hansen came to be selected for this dubious distinction.

Although we believe that Congressman Hansen was chosen by the Department of Justice prosecutors in large measure because he has been an outspoken public critic of the Internal Revenue Service, of the Occupational Safety and Health Administration, and of other Executive Branch agencies that have abused the public trust, we will not, in this Briefing Book, discuss these specific allegations. They were made to the District Court before Congressman Hansen's trial in a Motion to Dismiss the Indictment on Grounds of Selective Prosecution. Judge Joyce Hens Green denied that motion, and the issue of "selective prosecution" will be raised on appeal, if appeal is necessary. (We are, however, including relevant portions of that motion in the separately bound Appendix as Exhibit 40).

What we will discuss here is the undisputed genesis of the prosecution of Congressman Hansen. It is highly relevant to this Committee's evaluation of the Congressman's guilt or innocence to know why and how he became the target of a Justice Department probe and how he responded to it.

A. Nelson Bunker Hunt Receives a Blackmail Threat.

The prosecutors have admitted that the investigation of Congessman Hansen started when Nelson Bunker Hunt, a Dallas multimillionare, received an anonymous blackmail letter on or about March 31, 1981. The letter began with the following two paragraphs:



Dear Mr. Hunt,
During January of 1979 you gave an $87000 bribe to Rep. George Hansen of Idaho. To be more specific, the payoff was handled as follows:

On the morning of January 16, 1979, you bought 125 contracts of silver through your commodity broker at King Commodity Services in Oklahoma. When it became obvious that this trade was profitable you told your broker that this trade was not really for you but was for representative Hansen and to open an account in his name and put the trade- wth the built in profit- into his account. To help hide the payoff you opened the account in the name of Connie Hansen, Rep. George Hansens wife. Two days later on Jan. 18 the silver positions were sold for a profit of $87475. However, Hansen could not have the money sent to him because he had a margin call of $125000taht was required to carry the position. Therefore, you wired or caused to be wired $125000 to the broker in Hansens name, This removed his obligation and allowed the profit to be wired to him the next day, completing the payoff. The purpose of the bribe was to secure Rep. Hansens support in your bid for a large silver mine in Idaho.

We have Xerox copies of all statements and transactions mentioned above. We are, of course, guessing as to why tou made the payoff and have only secondhand proof that the margin call was met with your money. However, under close examination and the sworn testimony of all parties involved, we belief the proof would be overwhelming. An investigation of Hansens 1979 tax return would also be enlightening. If he did no declare the income, it is fraudentXX. If he did, he cannot justify the source.

(The full letter appears in our Appendix Volume as Exhibit 1. Hereafter, when we photocopy a portion of an exhibit, we will indicate, in parentheticals preceding the copy, which Exhibit Number is being used.)

The blackmailer asked that $440,00 be wired to a bank in the Cayman Islands and he would then destroy "everything we have relating to the payoff." Mr. Hunt and his lawyer were unsure as to what they should do with this threat. Hunt knew that the allegation that he had paid a bribe was untrue. (The actual facts are discussed at pp. 40-41 of this Briefing Book.) He told his Dallas attorney to visit Congressman and Mrs. Hansen and report this matter to them.

B. Congressman Hansen Insists on Reporting the Blackmail.

Congressman Hansen's reaction was immediate and unequivocal. Hunt testified at the trial (Trial Transcript pp. 40-41):

> Q. AND COULD YOU PLEASE TELL US WHAT CONGRESSMAN HANSEN'S IMMEDIATE REACTION WAS?
>
> A. HIS IMMEDIATE REACTION WAS TO GO TO THE ATTORNEY GENERAL OR THE JUSTICE DEPARTMENT RIGHT HERE IN WASHINGTON AND TURN THE LETTER OVER TO THEM FOR THEIR DISPOSITION AND ASK THEM TO PROSECUTE THE SENDER.

> Q. WAS THERE ANY INDICATION IN ANYTHING THAT CONGRESSMAN HANSEN SAID TO YOU THAT HE WANTED TO CONCEAL ANY PART OF THAT SILVER TRANSACTION?
>
> A. NEVER, NONE WHATSOEVER. HE WAS VERY ANXIOUS TO GET IT ALL OUT ON THE TABLE.

Hunt's attorney testified (Trial Transcript, p. 948):

> Q WAS THERE SOME DISCUSSION THEREAFTER ABOUT WHAT SHOULD BE DONE ABOUT THAT BLACKMAIL LETTER?
>
> A I TOLD THE CONGRESSMAN THAT MR. HUNT WAS PROBABLY GOING TO TAKE IT TO THE FBI. HE WAS LEAVING IT UP TO ME. HE HAD EXPRESSED THE FACT THAT, WELL, IT MIGHT BE AN APRIL FOOLS' JOKE; WE NEED TO GET SOME INFORMATION, BUT THAT'S WHERE MR. HUNT WAS HEADED. AND CONGRESSMAN HANSEN SAID THAT THAT WAS UNACCEPTABLE. BECAUSE HE WAS INVOLVED, BECAUSE HE WAS A CONGRESSMAN HERE IN WASHINGTON, THAT HE WAS GOING TO INSIST THAT IT GO TO THE ATTORNEY GENERAL OF THE UNITED STATES. AND HE WAS GOING TO BE CALLING TO GET AN APPOINTMENT AT THE EARLIEST POSSIBLE DATE.

On April 3, 1981, Congressman Hansen called the Attorney General of the United States to request an appointment to report this blackmail threat and initiate a full investigation. A meeting was arranged for April 6, 1981, with Rudolph Giuliani, the Associate Attorney General, who was the highest Justice Department official below the Attorney General in charge of federal criminal investigations and prosecutions.

C. The Facts, Including Mr. Hunt's Assistance, Are Reported to the Justice Department.

At the meeting held in Mr. Giuliani's office, which was attended by Congressman Hansen, Mr. Hunt's lawyer, Mrs. Hansen's lawyer, and a member of Congressman Hansen's staff, Congressman Hansen discussed, in great detail, the circumstances of the silver commodities transaction which had resulted in an $87,000 profit to his wife in January 1979. Congressman Hansen told the government officials that there had been no bribe and no other violation of law in connection with that transaction. (The blackmail letter had suggested that "an investigation of Hansens 1979 tax return would . . . be enlightening." In fact, the full profit on the transaction had been reported on the Hansen's return filed in 1980. See Ex. 2.) Congressman Hansen demanded a prompt and complete investigation of the blackmail.

D. The FBI Drags Its Feet, But Congressman Hansen Demands a Thorough Investigation.

The group that visited the Justice Department returned on April 6, 1981, to Congressman Hansen's office to wait for FBI agents who were to come and interview them about the blackmail letter. The FBI did not, however, come promptly, and, according to a contemporaneous memorandum by Mr. Hunt's lawyer, the following occurred (Ex. 3):

> In the middle of the afternoon, a call came in from someone who identified himself as John Heieck, who said he was with the FBI and wanted to interview Bunker Hunt, the Hansens and the attorneys. He then said he could not get to it for some time and wanted to talk to me about who I thought was responsible. I declined to do this on the telephone and without identification. Congressman Hansen called Caruso and complained about the amateurish manner in which the thing was being handled. We were then told that some other FBI agents would be there later in the afternoon.

This action by Congressman Hansen indicated, as clearly as his insistence on reporting the matter to the Attorney General, that he was confident he had done nothing wrong. It was admissible at his trial as proof of "consciousness of innocence."

E. Congressman Hansen Cooperates Fully With The FBI Investigation.

The FBI finally came and interviewed the Congressman and Mrs. Hansen about the facts reported in the blackmail letter. Both Mr. and Mrs. Hansen cooperated fully and answered all the questions asked by the FBI. See Ex. 4.

F. Congressman Hansen Explains Immediately to the FBI that His Attorneys Advised that the Silver Transaction Was Not Reportable on his EIGA Form.

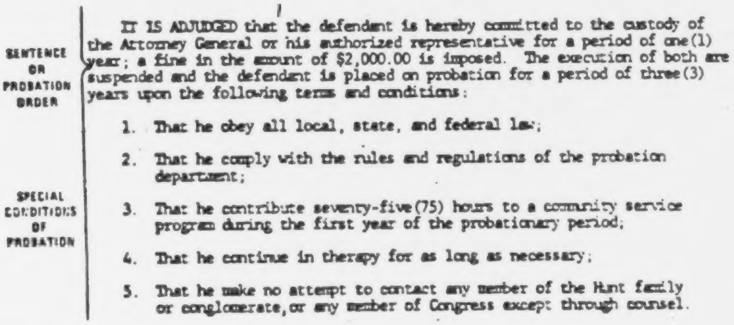
In September 1981, FBI Agents returned to Congressman Hansen's office to interview him further about the blackmail letter and the bribery alleged in that letter. The FBI agent reported that he asked Congressman Hansen why he had not reported on his 1979 EIGA form Mrs. Hansen's profit from the silver commodities transaction (Ex. 5):

> **Special Agent (SA) BOY asked HANSEN why he negatively answered Section I (B), Section III, and Section V of his Financial Disclosure Statement for 1979 when he knew that his wife had purchased one hundred twenty-five silver futures contracts in January, 1979, which were subsequently liquidated for a net profit of $87,475. HANSEN advised he had discussed this matter at length with his attorneys JAMES MC KENNA and JOHN RUNFT. A consensus was reached among them that because of the Division of Property which he and his wife had obtained in the State of Idaho at least one year prior to his wife's silver contract purchases, any transactions solely entered into by his wife are not subject to disclosure in the Financial Disclosure Statements.**

In other words, as early as September 1981 -- when he was first asked about his omission of the $87,000 transaction from his EIGA forms -- the Congressman explained to the FBI that he had not reported it because the attorneys on whom he had relied had told him that "any transactions solely entered into by his wife are not subject to disclosure in the Financial Disclosure Statements." That was Congressman Hansen's explanation in September 1981, and it is the very same explanation he has today -- two-and-one-half years later. And it has been corroborated under oath by the attorneys themselves.

G. The Blackmailer Is Found, Negotiates a "Deal" With the Prosecutors, and Is Slapped on the Wrist.

By May 1982, the Justice Department had tracked down the blackmailer. He was an individual named Arthur Emens, who had been employed in the brokerage office of the commodities broker who had purchased and sold the silver contracts in January 1979. Rather than prosecuting him vigorously and seeking substantial punishment, the prosecutors agreed to charge him with a misdemeanor (carrying a maximum one-year sentence) if he would provide full information and testify -- presumably against Congressman Hansen. The letter of agreement with the blackmailer -- which Judge Green refused to allow the trial jury to see or hear -- promised immunity from prosecution for "any and all activities of Mr. Emens now known to the United States Department of Justice" (Ex. 6). This promise covered over $200,000 that Emens had embezzled from his employer. See Ex. 7. As a result of this agreement, Emens pleaded guilty before a United States Magistrate, who imposed no prison term and no fine (Ex. 8):



SENTENCE OR PROBATION ORDER

IT IS ADJUDGED that the defendant is hereby committed to the custody of the Attorney General or his authorized representative for a period of one(1) year; a fine in the amount of $2,000.00 is imposed. The execution of both are suspended and the defendant is placed on probation for a period of three(3) years upon the following terms and conditions:

SPECIAL CONDITIONS OF PROBATION

1. That he obey all local, state, and federal law;
2. That he comply with the rules and regulations of the probation department;
3. That he contribute seventy-five(75) hours to a community service program during the first year of the probationary period;
4. That he continue in therapy for as long as necessary;
5. That he make no attempt to contact any member of the Hunt family or conglomerate, or any member of Congress except through counsel.

After having made this deal, the prosecutors discovered that Emens had no information whatever to incriminate Congressman Hansen. That was true because Congressman Hansen had done nothing wrong.

H. The Prosecutors Interrogate Congressman Hansen and Search Unsuccessfully for Proof of a Bribe.

Having let the blackmailer escape scot-free, the prosecutors turned their attention to Congressman Hansen. They asked for a recorded interview of him and Mrs. Hansen, and interviews lasting many hours took place on June 17, 1982. The opening remarks at that interview speak volumes about the intention of the prosecutors and the obvious witch-hunt they were on (Ex. 9):

> PROCEEDINGS
>
> MR. WEINGARTEN: It is June 17th, 11:00 a.m. Here present are Congressman George Hansen of Idaho Falls, at 1125 Longworth. Present here, Reid Weingarten, Department of Justice; Jim Cole, Department of Justice; Tom Hoy, F.B.I.; Congressman Hansen, Mrs. Hansen and Mr. McKenna, who is, I understand, on the staff of Congressman Hansen. He is also representing Congressman Hansen for this purpose.
>
> We are here pursuant to a request by the Department of Justice to conduct interviews with the hope that they would advance the investigation that began when Congressman Hansen and an attorney for Nelson Bunker Hunt brought a blackmail letter to the Department of Justice on April 6, 1981.

For your edification, pursuant to you bringing that letter, of course, we began an investigation into the blackmail. It took longer than we had hoped. There were some complications. There was work done in the Grand Jury, and there was some looking at records overseas, but as you must know by now, a month ago, or last month an individual named Arthur Emens pled guilty to blackmail in the District of Columbia, and will be sentenced next month.

Obviously, you've seen the letter. The letter contains an allegation that there was wrong-doing between you and Nelson Bunker Hunt, and we are duty bound, of course, to follow up on that once we have completed the blackmail investigation.

That is what we are doing. We concluded that. Perhaps it's best now if we deal with you directly and hear what you have to say about this particular transaction.

So with that, I think we're ready to begin, unless you have any questions you would like to ask of us.

CONGRESSMAN HANSEN: I think that's fine.

Congressman and Mrs. Hansen were interviewed together by the prosecutors. Then Congressman Hansen was interviewed separately. Then Mrs. Hansen was interviewed separately. All questions asked by the prosecutors were answered. No time limit was placed on the interviews.

After the interviews, the prosecutors and the FBI engaged in an exhaustive investigation of Congressman Hansen and of Nelson Bunker Hunt. Mr. Hunt also provided a recorded interview. He waived the attorney-client privilege and permitted his lawyer to answer all questions and to testify before the grand jury (Trial Transcript, p. 120):

> Q. AND IT IS ALSO A FACT, IS IT NOT, MR. HUNT, IN ORDER TO MAKE ALL INFORMATION AVAILABLE TO THE GOVERNMENT, YOU ALLOWED YOUR PERSONAL ATTORNEY TO BE INTERVIEWED AND TO TESTIFY?
>
> A. YES, SIR.
>
> Q. AND WHAT IS HIS NAME?
>
> A. IVAN IRWIN.

> Q. AND, IN FACT, YOU WERE ADVISED THAT YOU HAD A RIGHT TO KEEP ANY COMMUNICATIONS BETWEEN YOURSELF AND MR. IRWIN CONFIDENTIAL UNDER THE ATTORNEY-CLIENT PRIVILEGE AND YOU CHOSE TO WAIVE THAT PRIVILEGE, IS THAT RIGHT?
>
> A. YES, SIR.
>
> Q. HAS THERE BEEN ANYTHING ABOUT THIS ENTIRE SERIES OF EVENTS THAT YOU HAVE TRIED TO HIDE AT ANY TIME?
>
> A. NO, I HAVEN'T. IT IS A PUBLIC RECORD SO FAR AS I AM CONCERNED; AT LEAST, NOW IT IS.

The prosecutors could find nothing whatever illegal in the relationship between Congressman Hansen and Mr. Hunt after the most thorough and exhaustive investigation.

In April 1983 -- almost one year after the blackmailer was apprehended and charged with a misdemeanor, for which the maximum sentence was one year -- the prosecutors filed an indictment against Congressman Hansen charging him with four felonies, carrying a maximum sentence of 20 years' imprisonment, for omissions on his EIGA forms.

II.

WHAT DID CONGRESSMAN HANSEN DO?

We turn now to the subject of the criminal charges themselves -- the purportedly criminal omissions from Congressman Hansen's EIGA forms. The alleged omissions from the 1979, 1980 and 1981 forms all related to transactions made in the name of Mrs. Hansen. For 1979, it was claimed that Congressman Hansen had failed to list a $50,000 loan made to Mrs. Hansen, with Mr. Hunt's assistance as guarantor, by the First National Bank of Dallas. For 1980, it was claimed that he had failed to report the silver commodities transaction, previously referred to, which had resulted, with Mr. Hunt's assistance, in an $87,000 profit to Mrs. Hansen. For 1981, it was claimed that he had failed to report the same obligation of Mrs. Hansen omitted in 1979, but this time after Mr. Hunt as guarantor had purchased Mrs. Hansen's note from the Dallas bank. The omissions for 1982 concerned loans made by some Virginia businessmen in 1981 for the purpose of promoting a citizens' protest against the Internal Revenue Service. A proper understanding of the facts regarding these allegations requires some familiarity with background facts regarding Congressman Hansen.

A. Congressman Hansen Incurs Substantial Personal Debts Because of Political Attacks.

Congressman Hansen first served in the House of Representatives from 1965 to 1969. He was then unsuccessful in a race for the Senate and, after serving for two years in the Department of Agriculture, returned to Idaho. He was re-elected to the House in 1974 after a bitter battle in the primary and a contested general election. Between 1969 and 1974, the federal election laws had undergone substantial change, and Congressman Hansen's election in 1974 resulted in claims by his political enemies that he had violated the new election laws. A particularly powerful opponent was Congressman Wayne Hays, then Chairman of the House Administration Committee, who had been a close friend of the man Congressman Hansen had defeated in the 1974 primary. Hays accused Congressman Hansen of election-law violations, but the Justice Department, after a thorough investigation, found that no felonies had been committed (Ex. 10). The Congressman was, however, charged with two technical violations because one report had been filed late and one report had been improperly completed. After an initial misunderstanding, the

District Judge recognized that only technical breaches had been committed, and he imposed a nominal fine (Ex. 11).

In addition, the Congressman's political opponents obtained confidential records of his private finances -- including a credit report -- and used them unlawfully. Congressman Hansen hired counsel and brought a lawsuit -- at substantial personal expense. He ultimately prevailed on the law in the case called Hansen v. Morgan (Ex. 12), but he recovered damages far less than the cost of the litigation.

In an effort to generate funds to pay off his ever mounting debts, Congressman Hansen initiated a nationwide direct-mail appeal for contributions in 1976. This direct-mail appeal raised some funds, but it also became the source of additional expenses when the Federal Election Commission began an investigation into whether the Congressman was accurately reporting the funds received through this direct-mail solicitation. Congressman Hansen was again forced to defend himself at significant expense, and he did so successfully by being exonerated by the FEC in the spring of 1977.

These episodes left the Hansens with a very substantial debt by early 1977. The Congressman had obtained personal loans from individuals to cover the expenses incurred in these political battles, and he did not want to leave the friends who had helped him in the lurch. Although he could have declared bankruptcy, he determined by early 1977 to make every effort to obtain money with which to repay these personal loans.

B. A Change in the House Rules Bars Solicitations for Personal Expenses or Obligations.

The Idaho attorney who had advised Congressman Hansen in connection with the charges made by Wayne Hays and who had represented him in the case of Hansen v. Morgan was John L. Runft, a member of a leading Idaho law firm, whose office was in Boise. The Congressman again turned to Mr. Runft for advice in late 1976 and early 1977, and Mr. Runft suggested that the Congressman or an independent committee solicit small public contributions to cover Congressman Hansen's personal debts. Mr. Runft proposed an 11-point solicitation plan, which was incorporated in a letter dated February 18, 1977, seeking clearance 'from the Federal Election Commission (Ex. 13).

While the letter was pending before the FEC, the House substantially changed its own rules. On March 2, 1977, H. Res. 287 was adopted. The drastic effect of these new rules was described as follows in Advisory Opinion No. 4, issued by the House Select Committee on Ethics in 1977 (Ex. 14):

> A major thrust of the provisions contained in the new House Rules adopted March 2, 1977, was to severely limit the potential for Members to "cash in" on their positions of influence for personal gain. Therefore, a limitation on outside earned income was proposed and adopted. A proposal to abolish unofficial office accounts was offered and adopted. A proposal to prohibit the conversion of political funds to personal use was adopted. And the proposal discussed above to treat all proceeds from fund-raising events as campaign contributions was also adopted. Therefore, it would appear that a proposal to solicit funds for personal use would be contrary to the "spirit" of the House Rules adopted pursuant to H. Res. 287.
>
> The final question concerns the propriety of a spouse raising funds through mass mail solicitation for the benefit of the Member. While the Select Committee recognizes the basic independence of

C. Congressman Hansen Seeks Approval of His Proposed Solicitation Plan from the Committee on Ethics.

Less than two weeks after approval of the new Rules, Congressman Hansen wrote a letter to Congressman Richardson Preyer, Chairman of the Select Committee on Ethics, advising him of the pendency of the application to the FEC and asking the Committee's approval of that plan. Congressman Hansen's letter explicitly asked that the Committee advise "if my proposal violates any law, rules or regulations in the area of your jurisdiction." He referred explicitly to "the new ethics code recently passed by the House" and to his belief that the solicitation plan adheres to its "letter and spirit" (Ex. 15):

March 14, 1977

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

Dear Mr. Chairman:

Pursuant to our recent conversation, I wish to formally advise you that through the past two elections for Congress I have experienced an unusual degree of personal attack by political opposition which has created for me and my family a considerable amount of legal, professional and other non-campaign expenses.

Being one of modest means and not having any significant outside source of income in addition to my Congressional salary which is used to support a large family and maintain my personal situation both in Washington and Idaho, it is most difficult to find the means to recoup from such extra personal expenses which have been incurred.

I therefore have openly attempted to find a method which would not interfere with my service to my constituents on a full time basis and not be in conflict of interest for the position I hold.

I have always been most concerned that my activities be legal and ethical. Therefore I have outlined an inquiry to the Federal Election Commission to determine a course of action which might be acceptable and forthright. I believe the letter speaks for itself and enclose a copy for your information. I would appreciate being advised if my proposal violates any laws, rules or regulations in the area of your jurisdiction.

My attorney has been actively involved in this matter in preparation of the letter and in preliminary discussions with appropriate officials of the F.E.C. I have every reason to believe my request has been properly qualified and will receive early and favorable consideration.

I am convinced that my request adheres to the letter and spirit of the new ethics code recently passed by the House but as a precaution and in a further effort to conform to non-controversial guidelines, I wish to advise you that

no contribution of $100 or more will be solicited or accepted.

Again, I wish to point out my purpose is basically to gain reimbursement for some of the large expenses pushed on me personally by political harassment and dirty tricks which I have not previously included as regular campaign expenses.

Thank you for your interest and assistance in this matter. I would appreciate receiving an early reply and welcome your comments and suggestions.

Sincerely yours,

GEORGE HANSEN
Member of Congress

GVHs

P.S. For your information, the terminology (such as the word "expenditure") in the letter to the F.E.C. is utilized according to definitions set forth in the F.E.C. Act of 1971 as amended and proposed rules and regulations as published.

The Federal Election Commission advised Congressman Hansen on March 30, 1977, that his plan did not violate federal election laws. He then wrote to the House Ethics Committee on April 5, 1977, again requesting approval of the solicitation plan. He noted in his letter that he would follow the Committee's guidelines and would be "flexible" if changes in the proposal were deemed appropriate (Ex. 16):

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

Dear Mr. Chairman:

This is to supplement previous correspondence regarding my proposal to solicit funds to recoup from serious personal losses caused by the unusual degree of personal attack I have experienced from political opposition during the past three years.

As you are aware, my plan was found by the Federal Election Commission to have no conflict with Federal Election laws or proposed regulations under their jurisdiction. Further research has established that there is no reason to believe that there will be any conflict with laws and regulations as administered by other agencies of the Federal government.

To further clarify my situation at this point for your purposes I wish to deal with the basic structure of the proposed solicitation in my behalf. In this I am flexible in hopes of maintaining a completely legal and ethical posture for myself personally and as a member of this great legislative body.

The conclusion of Congressman Hansen's letter pointed out the telling consequences of crushing personal debt on other Members of Congress (Ex. 16):

The Honorable Richardson Preyer, M.C.
April 5, 1977
Page 2

I have made every attempt to outline a workable proposal to allow members of Congress the same rights and privileges as the average citizen enjoys -- the right to protect himself (or herself) and his (or her) family from serious financial hardship which can arise from circumstances not of his (or her) own making.

No one else has to resign from their position of employment to gain legitimate relief, why should a member of Congress? I don't believe any citizen of this nation believes that to be a necessary requirement for the office.

Any person has a right to basic financial survival. The question is how can it be properly done in a sensitive position. I believe the direct way is preferable because it is the simplest and most accountable. News accounts have been frequent regarding the complications to the circumstances of public office holders when a spouse or other close family member pursues their own course.

And yet, that family has a right to financial survival and should not be penalized if one of them is publicly involved. My wife asks me what would become of her and the children if I were to die suddenly with the large debts we have incurred from the ugly aspects of politics. What can I tell her, what would you tell your spouse?

Mr. Chairman, I appreciate the interest and time devoted to this problem by you and the members of the Committee. I strongly urge your positive action, not only for my own relief, but for any who are so unfortunate as to find themselves at some future time in similar circumstances.

Sincerely,

George Hansen

GEORGE HANSEN
Member of Congress

GVH:s

The House Ethics Committee never replied directly to Congressman Hansen's letters. It did, however, issue an Advisory Opinion -- Advisory Opinion No. 11 -- which indicated that the solicitation approved by the FEC could not be used to pay Congressman Hansen's personal debts.

D. Mr. Runft Proposes that Mrs. Hansen Assume the Political Debts Pursuant to a "Property Settlement Agreement."

Seeing no way out of his family's financial nightmare, Congressman Hansen turned again to Mr. Runft, his legal adviser. Mr. Runft noted that the House's restriction was only on the collection of funds to pay a Congressman's debts, but that the House did not -- and possibly could not -- restrict a wife's right to collect to pay her own debts if they were legally her own. Consequently, Mr. Runft advised Congressman and Mrs. Hansen to enter into a "Property Settlement Agreement" under which she alone would assume the couple's outstanding politically-caused debts, and would then be free to solicit personally to pay off those debts. Such agreements are not unusual in community-property states, even as between happily married couples who continue to live together. They have the effect of severing the legal economic ties, created by operation of local law, between a married couple. Their consequence, as explained by Mr. Runft in District Court, is to put the parties, for legal property purposes, in the same position as two people who live together without the benefit of marriage (Trial Transcript, p. 1063):

As a result of separating your property, two menbers of a marriage no longer have the benefits of marriage as far as their property is concerned. They no longer can inherit automatically as a husband can from a wife or a wife from a husband. The matters like pensions and things like that probably would not be inherited by the other spouse. The separation is such as though they weren't even married from an economic sense. In other words, they are married. They live together as man and wife but there are no economic relationships as would normally follow the consequences of marriage.

Q. When you say no economic relationships, you mean there is no automatic economic relationship that grows out of the fact of the marriage?

A. That is correct. There is nothing incident to the marriage. They can have joint accounts. They can do what any two people living together can do as far as having joint accounts or things of that nature.

A "Property Settlement Agreement" effective as of June 21, 1977, was drafted by Mr. Runft. The Agreement listed the assets and liabilities of the Hansens and divided them, for purposes of Idaho law, between the couple. We reproduce here the most relevant portions of that Agreement (Ex. 17):

> ### MEMORANDUM OF PROPERTY SETTLEMENT AGREEMENT
>
> THIS MEMORANDUM, executed this 30th day of September, 1977, by the parties hereto, of A PROPERTY SETTLEMENT AGREEMENT, made and entered into on the 21st day of June, 1977, by and between GEORGE V. HANSEN, hereinafter referred to as "Husband", residing in Pocatello, Bannock County, Idaho; and CONSTANCE S. "CONNIE" HANSEN, hereinafter referred to as "Wife", presently residing with Husband in Pocatello, Bannock County, Idaho;
>
> WHEREAS, out of love and affection for each other, because of the deep mutual respect for the position of the other in their marriage, and out of a mutual desire to provide for their children and to protect their family from economic ruin, it has become necessary by reason of the personal economic burdens caused these parties by malicious, illegal and improper political attacks during the three-year period last past to divide their community property between them and to otherwise arrange and settle by mutual agreement, all present and future property rights, and to arrange for this disposition.
>
> NOW, THEREFORE, the parties mutually agree as follows:
>
> 1. In dividing their community assets and liabilities between them so as to constitute such assets and liabilities as separate property, it is the purpose of these parties to make an equal division between them as to net value.

5. From the community debts, the Wife shall assume as her sole and separate debts, from which the Husband shall be free of any liability or obligation, the following items:

(a) Loan from the First National Bank, Dallas, Texas, in the sum of $50,000.00;

(b) Personal loans in the sum of $ 372,750.00 .

14. It is further agreed that any and all property acquired from and after the effective date of this agreement shall be the sole and separate property of the one so acquiring the same, and each of the parties hereto does hereby waive any and all right in or to such future acquisitions and does hereby grant to the other all such future acquisitions of property as the sole and separate property of the one so acquiring the same.

15. Each party hereto does hereby waive any and all right to inherit the estate of the other at his or her death or to take property from the other by devise or bequest unless under a will executed subsequent to the effective date hereof, or to claim any family allowance or probate homestead or to act as personal representative of the estate of the other (except as a nominee of the other person legally entitled to said right) or to act as the personal representative under the will of the other, unless under a will executed subsequent to the effective date hereof.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have hereby caused this agreement to be executed upon the 30th day of September, 1977.

George V. Hansen
GEORGE V. HANSEN

Constance S Hansen
CONSTANCE S. HANSEN

E. The Hansens Keep the House Committee Advised of Their Intentions and of Mrs. Hansen's Solicitation.

At the time the Property Settlement Agreement was being drafted, Mrs. Hansen notified the House Ethics Committee of what she was doing. A letter from her dated June 3, 1977, reported as follows (Ex. 18):

> The Honorable Richardson Preyer, M. C.
> Chairman, the Select Committee on Ethics
> 2344 R.H.O.B.
>
> Dear Mr. Chairman:
>
> I am writing this letter at the request of my husband, Congressman George Hansen, to advise you of my intentions with regards to certain actions taken by your committee.
>
> As you probably know, my husband plans to abide by your decisions with regard to his request to raise funds to pay off politically-caused personal indebtedness. Neither he, nor I, nor an independent committee will solicit funds in his behalf.
>
> However, I believe the Committee has been totally unreasonable in this matter and I can't help but be disturbed at the double standards I have witnessed.
>
> While my husband has carefully asked the Federal Election Commission and your Committee and other appropriate authority for permission and guidance to solve a very real and legitimate personal problem arising from political dirty tricks and harrassment, I have witnessed instance after instance of Members of Congress taking solicited funds, including campaign contributions, for personal use without asking and the Committee has had little to say about it.
>
> Now, let me inform you that I don't intend to stand by and let a Committee of Congress or anyone else deprive me of the basic rights of a citizen of this nation to pay my bills and protect my home. Many members of your Committee talk a good story about civil rights and the equality of women but then they sit there smugly and deny those very rights to the wife of a Member of Congress.
>
> I am a citizen of Idaho which is a community property state and therefore I stand liable for half of this politically-caused indebtedness. Furthermore, if my husband should die, it is all my responsibility.
>
> And the debt in question is the result of a concentrated political smear campaign which occurred during my husband's candidacy for Congress as a non-incumbent in 1974.

The economic effects to us personally were disastrous. We found our total time consumed month after month in defending against these malicious attacks which included serious and irresponsible charges led by former Congressman Wayne Hays and surreptitious acquisition of our personal credit records by the State Treasurer of the Democratic Party in Idaho.

This drum roll of false accusations and misleading press releases from Washington as well as Idaho almost overwhelmed us and left us no time to manage our personal business operations which resulted in heavy expenses and loses -- a situation which has taken many months to reverse.

Not only were we incurring business losses and heavy legal and professional expenses, but my husband was precluded from earning income because his total effort was required to counter the vicious attacks.

As a result of these false accusations, my husband has had to endure three years of investigations by various federal agencies which have proved nothing but his honesty.

Therefore, faced with this burdensome personal indebtedness, I have as a matter of love for my husband and children and financial preservation of our family insisted upon a financial settlement between my husband and myself legally and properly dividing our property. In part the property settlement provides that my husband assume such debts as those of the family, the home, cars, charge cards and such and that I assume a substantial portion of those debts politically incurred.

This separation of personal finances is done with considerable difficulty to us as a family, not only now but for years to come -- which seems a strange way for you to treat the victims of ugly politics.

However, I do what I must. Let me advise you that as a matter of personal and family survival, I plan to raise funds at an early date to pay my half of the debts in proper and legal fashion. Your arbitrary rules may extend to my husband as a Member of Congress, but I do not belong to that body. I am a free agent with rights and responsibilities of my own and I'll take my case to the courts and to the people if necessary.

Sincerely,

Connie Hansen

Mrs. George V. Hansen

The point of this letter was that Mrs. Hansen was personally assuming the debts that were "politically incurred" and that she intended "to raise funds at an early date" to pay the debts she had assumed. This letter evoked the first direct response from Congressman Preyer on this subject. On June 8, 1977, he noted that Mrs. Hansen was intending "to proceed with a *personal* fund-raising effort to retire certain debts *that you have assumed*" (emphasis added). The letter acknowledged Mrs. Hansen's "civil rights" and her "equality as a woman." It also acknowledged that a very substantial change had been made by the House's rule change of March 2, 1977 (Ex. 19):

> Dear Mrs. Hansen:
>
> Thank you for your letter of June 3 advising me of your intention to proceed with a personal fund-raising effort to retire certain debts that you have assumed.
>
> I hope that you will understand that the content of the advisory opinions addressing issues referred to us by your husband were in no way meant to infringe on your civil rights nor on your equality as a woman. Neither were those opinions aimed in any personal way against your husband or your family.
>
> The Code of Ethics adopted by the House on March 2 resulted directly from sustained public criticism of some Members' actions prior to that date. Your statement that Members converted campaign contributions to personal use before the ethics code was adopted is entirely correct. It is also true that such conversion was not prohibitied before March 2 as it is now.
>
> I have asked the Select Committee's Staff Director if our staff is aware of any such conversions since the code was adopted. He advised me that no such situations have been brought to his attention.
>
> Thank you again for your advice and views.
>
> Cordially,
>
> Richardson Preyer
>
> RP:blb

Mrs. Hansen's solicitation of funds was then carried out in a highly public manner. It was in no way surreptitious or clandestine. She mailed letters to potential contributors -- all outside Idaho to avoid the appearance of campaign solicitations -- asking for small personal donations (Ex. 20). Approximately $100,000 was raised in this way to pay off the personal debt. No action was taken by this Committee and no complaint was filed in connection with Mrs. Hansen's 1977 solicitation to pay the debts she had assumed.

F. Congressman Hansen Seeks Legal Advice on His 1978 Reporting Obligations.

The first financial disclosure obligation imposed on Congressman Hansen after the execution of the Property Settlement Agreement was on April 30, 1978, when Members of the House were required to file financial disclosure forms under House Rule XLIV covering their assets and liabilities during the 3-month period between October 1, 1977, and December 31, 1977. The question for Congressman Hansen was whether the assets and liabilities assigned to Mrs. Hansen by the Agreement were reportable under the House Rule.

Congressman Hansen consulted with Mr. Runft. Mr. Runft's sworn testimony concerning this consultation was as follows (Trial Transcript, pp. 1076-77 and 1079-80):

> **Q. Now, Mr. Runft, did you have occasion, following the separation of property agreement, to consider the effect of that agreement on the existing provisions of the House Ethics Committee concerning the reporting and financial disclosure requirements under the House rules?**
>
> **A. Yes, I did, and this would be, I believe, in the spring, late spring, early summer, of 1978.**
>
> Q. What was your opinion, Mr. Runft, concerning whether the debts that had been assigned to Mrs. Hansen under the property settlement agreement had to be reported to the house Ethics Committee on its form as debts of Congressman Hansen?
>
> **My opinion was that under those particular conditions, that the fact that Mrs. Hansen pursued her own separate life and paid her own separate debts was not an item that needed to be reported by Congressman Hansen on his report required under the Ethics Rules.**
>
> **Furthermore, and always along with this advice to Mr. Hansen, my opinion, secondly, was the Committee had the authority and the duty to review these reports, with knowledge, and advise Congressman Hansen if he was wrong in any way. Mr. Hansen, in my opinion, had a right to rely on this.**

G. Mrs. Hansen's Debt to the Dallas Bank Is Omitted from the 1978 Report.

Following this advice, Congressman Hansen did not include in his 1978 report a debt of Mrs. Hansen's which was one of the counts in the criminal case tried in District Court. In April 1977, after he had been told of Congressman Hansen's desperate personal financial situation, Nelson Bunker Hunt had tried to assist Mrs. Hansen in trading in soybean futures. The result of approximately eight days of trading at the hands of an expert selected by Mr. Hunt was a net loss of $33,000. Since the Hansens did not have the money to pay this obligation, Mr. Hunt offered to guarantee a $50,000 loan to Mrs. Hansen from the First National Bank of Dallas. On May 27, 1977, Mrs. Hansen flew to Dallas, applied for and received the loan, and then flew to Chicago to pay the brokerage firm the full amount that had been lost in the soybean trading. The loan from the Dallas bank -- made only to Mrs. Hansen -- was listed as Mrs. Hansen's separate obligation under paragraph 14 of the Property Settlement Agreement. See p. 25, supra.

As a result of the Property Settlement Agreement and the advice given by Mr. Runft, Congressman Hansen did not include the $50,000 loan to Mrs. Hansen in his 1978 financial disclosure to the House. It is important to bear in mind that personal solicitation to pay Mrs. Hansen's debts was lawful only because they were her own debts, not the Congressman's. It would not have been consistent to list Mrs. Hansen's debts on the Congressman's Financial Disclosure Form while still insisting that the Property Settlement Agreement had made them her debts for solicitation purposes.

H. Congressman Hansen Formally Tells the House Committee His Reasons for Omitting His Wife's Transactions and Requests "Confirmation."

The Financial Disclosure statement filed by Congressman Hansen on April 30, 1978, roused a public stir from his political opponents in Idaho. They had known from public reports of Mrs. Hansen's solicitation of funds and of the existence of a large personal debt. They claimed publicly that her assets and liabilities should have been listed on the Congressman's disclosure form. An article appeared in the May 7, 1978, issue of the Twin Falls Times News that alleged that the Congressman's 1978 report was incomplete because it did not list Mrs. Hansen's assets and liabilities Since the article purported to quote a member of this Committee's staff, Congressman Hansen protested in a personal meeting and a timely letter to Congressman Preyer, with copies to the then Chairman of this Committee and the ranking minority member (who is still in that position). We reproduce here the most relevant portions of the letter of May 9, 1978 (Ex. 21):

> Dear Mr. Chairman:
>
> By reason of information which appeared in a May 7th newspaper in my Congressional District I have been subjected to innuendo that my recent Financial Disclosure Statement filed pursuant to Rule XLIV is in some manner inadequate or incomplete. I immediately contacted Staff Directors Donald Terry of the Select Committee on Ethics and John M. Swanner of the House Committee on Standards of Official Conduct and certain Members of those committees to protest the quotes ascribed to a staff member in that article.

While there is no doubt as to the sincerity and integrity of Mr. Haltiwanger, the misuse of the quotations has the potential for causing me great embarrassment. You will remember that prior to arranging my affairs in order to satisfy the requirements of my situation, that your committees were kept advised at all times of the manner in which I planned to proceed and then of my wife's intended course of action and the details of her decision.

At considerable expense I retained legal counsel to procure a ruling from the Federal Election Commission and to assure my compliance with the legal matters under jurisdiction of the Justice Department before moving to satisfy the rules and standards of the House as administered by the Select Committee on Ethics and the Committee on Standards of Official Conduct.

My entire course of action was predicated upon conforming to the law and to the rulings of both committees, and my wife has proceeded likewise when it became necessary for her to act independently. We executed a specific property division agreement effective in June 1977 in compliance with the law and House Rules to enable each party to be free of any "constructive control" of the other. This was done at my wife's insistence that her civil rights were being violated by arbitrary Congressional Rules threatening her survival and that she was entitled to independently protect and provide for herself by her own devices.

This property division agreement was not arbitrarily or opportunely made for reporting purposes but rather done at an early date to satisfy House Rules and according to legal guidelines. Nevertheless this created an exemption of spouse reporting according to Rule XLIV which states, "The interest of a spouse or any other party, if constructively controlled by the person reporting, shall be considered to be the same as the interest of the person reporting."

I am confident that my filing, done carefully with advice of legal counsel, is completely in accord with the appropriate Rules of the House and in accord with the course of action of which we have kept your office completely advised. At this time I respectfully request confirmation of the validity of my report.

Sincerely yours,

George Hansen

GEORGE HANSEN
Member of Congress

GH:mw

cc: Hon. Charles E. Wiggins
Ranking Minority Member
Select Committee on Ethics

Hon. Bill Frenzel
Member
Select Committee on Ethics

Hon. John J. Flynt
Chairman
Standards of Official Conduct

Hon. Floyd D. Spence
Ranking Minority Member
Standards of Official Conduct

This was followed by a letter of May 11, 1978, from Mrs. Hansen to Congressman Preyer (Ex. 22):

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2
Washington, D. C. 20515

Dear Mr. Chairman:

A property settlement agreement between me and my husband, Congressman George Hansen, effective in June of 1977 was duly executed in accordance with Idaho law.

This was done necessarily to protect my civil rights, personal privacy and individual financial right to survive.

Assets and debts assumed by me were precisely what an equitable legal division would allow, and nothing else.

Having gone to this trouble and expense I consider myself an independent citizen absolutely and legally not under the "constructive control" of my husband. And I might add, he is also an independent citizen not under my "constructive control."

I plan to take care of my financial needs and problems in accordance with the law and the highest standards of ethics and will in no way be adversely influencing my husband's life or responsibilities as a Member of Congress or whatever capacity he might hold.

But beyond this, what I do with my private life is legally my private business. I am not a Member of Congress and have no further obligation to you or your committee.

What my husband does may be yours to supervise, but he is in no legal position to involve me.

Sincerely,

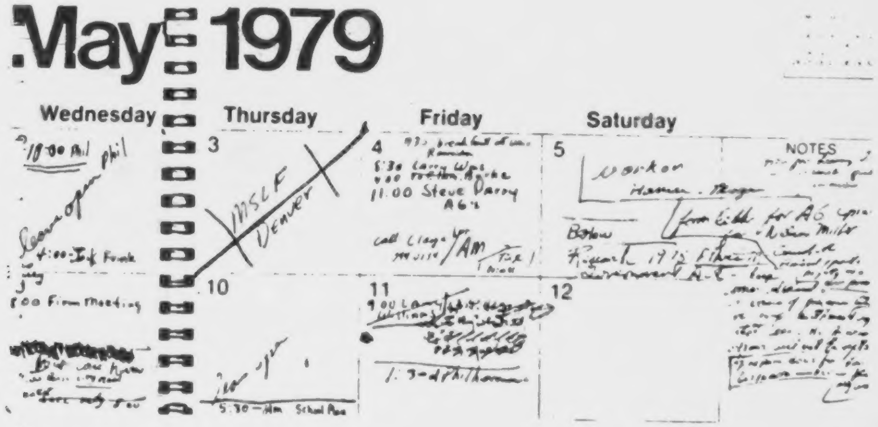
Connie Hansen

(Mrs.) CONNIE S. HANSEN

A more detailed letter was sent by Congressman Hansen to Congressman Preyer on June 2, 1978, repeating the request for "confirmation" of the report that had been filed and describing further details (Ex. 23). No response was ever received from the Committee.

I. Congressman Hansen Requests Legal Advice on the Effect of the Ethics in Government Act.

The Ethics in Government Act of 1978 became law on October 26, 1978. The first reports required to the filed under the Act were due on May 15, 1979. Shortly before that time, Congressman Hansen asked Mr. Runft how the new law affected his opinion on the reportability of Mrs. Hansen's assets and liabilities. Mr. Runft researched the question over the weekend of May 5-6, 1979, as is indicated by his desk calendar (Ex. 24):



May 1979

Wednesday
10:00 Phil
Leave open phil
4:00 - [illegible] Frank
8:00 Firm Meeting

Thursday
3
NASLF Denver
10
leave open
5:30 - [illegible] School [illegible]

Friday
4
11:00 Steve Parry AG's
call [illegible] AM
11
9:00 [illegible]
1:30 - [illegible] Phil [illegible]

Saturday
5
Work on Hansen - Preyer
Below
from Bill for AG opin
Sam Miller
1978 Ethics in Government Act
12

NOTES

Mr. Runft's testimony regarding the consultation he then had with Congressman Hansen was as follows (Trial Transcript, pp. 1084, 1086-87):

> Q. What specifically were you asked?
>
> A. Congressman Hansen asked me, actually both Mr. and Mrs. Hansen asked me, under the new Act, was there a reasonable interpretation available under that Act that would allow Congressman Hansen to continue not to report Mrs. Hansen's income under that Act.
>
> I reviewed the Act. I reviewed some of the legislative history, statements by Chairman Preyer as to the purpose of the act, the intent of the Act. I reviewed the provisions of the Act.

> Q. What conclusion did you arrive at?
>
> A. My conclusion, or my opinion, consists of two parts. First, I believed or I concluded that in light of the property settlement agreement, which separated the property interests of the parties, that a reasonable interpretation of the Act, particularly Section 702(d)(2) would allow the Congressman not to file information concerning his wife's income.
>
> The second part of my opinion was that this was a new Act, just passed. It had not been interpreted yet, and that

the provisions of Section 705 of the Act required that the designated committee, which was the Select Committee on Official Conduct of the House of Representatives, was required to review these reports and to set up a procedure whereby the Committee would determine whether the reports were correct, whether they were complete and whether they were in proper form and advise the Congressman if they were not.

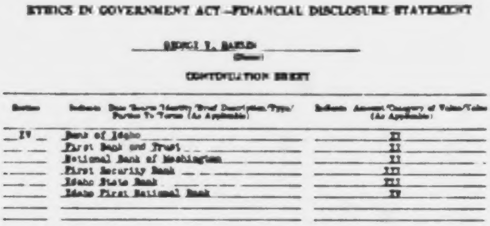
So on that basis, if my decision or my interpretation, as a possible remedy, was wrong, if the Committee were advised of what was being done, the Committee then had a duty to advise Congressman Hansen that this is not the right way to go.

So on that two-part advice, one, I think it can be done as a reasonable interpretation of that Act, in light of what the Congressman and his wife have done with their property, and secondly, based on the duties of the Committee on notice, and, of course, the Committee was on notice that the congressman and his wife had filed the property settlement agreement and what it was all about, that the Committee then had the obligation, under the statute, to advise the Congressman if there was any problem, and he had, as a congressman, under that statute, a right to rely on that.

Q. Did you give that advice and that conclusion to Congressman Hansen at or about the time that you did that research in May of 1979?

A. I did.

Pursuant to this advice, Congressman Hansen did not include the $50,000 loan from the First National Bank of Dallas to Mrs. Hansen on his 1979 EIGA form. The liabilities portion of the form filed by Congressman Hansen looked like this (Ex. 25):



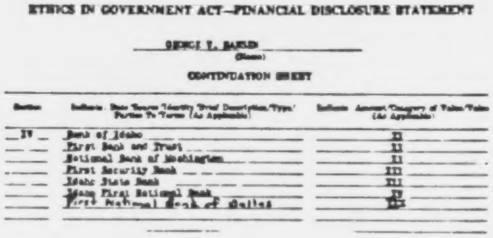
ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

GEORGE V. HANSEN
(Name)

CONTINUATION SHEET

Section	Indicate: Date/Source/Identity/Brief Description/Type/ Parties To Terms (As Applicable)	Indicate: Amount/Category of Value/Value (As Applicable)
IV	Bank of Idaho	II
	First Bank and Trust	II
	National Bank of Washington	II
	First Security Bank	III
	Idaho State Bank	III
	Idaho First National Bank	IV

Had the loan been included, it would have looked like this:



ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

GEORGE V. HANSEN
(Name)

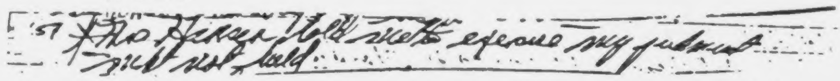
CONTINUATION SHEET

Section	Indicate: Date/Source/Identity/Brief Description/Type/ Parties To Terms (As Applicable)	Indicate: Amount/Category of Value/Value (As Applicable)
IV	Bank of Idaho	II
	First Bank and Trust	II
	National Bank of Washington	II
	First Security Bank	III
	Idaho State Bank	III
	Idaho First National Bank	IV
	First National Bank of Dallas	III

It is difficult, if not impossible, to discern a nefarious and criminal motive for this omission. If the form had included the Dallas bank item, it would not have disclosed any unlawful, unethical, or even politically damaging conduct.

J. Mrs. Hansen's 1979 Transaction and 1980 Liability Are Omitted from EIGA Forms.

(1) The Silver Futures Transaction. -- In January 1979 Mr. Hunt assisted Mrs. Hansen in trading in silver futures by putting her in touch with Les Ming, an Oklahoma City commodities broker. Over a period of three days, Mrs. Hansen made $87,000 in the silver futures market. The trading account was maintained in Mrs. Hansen's name (Ex. 26), and Mr. Ming's handwritten telephone log reflected that he received his instructions from Mrs. Hansen (Ex. 27):



57 Mrs. Hansen told me to exercise my judgment

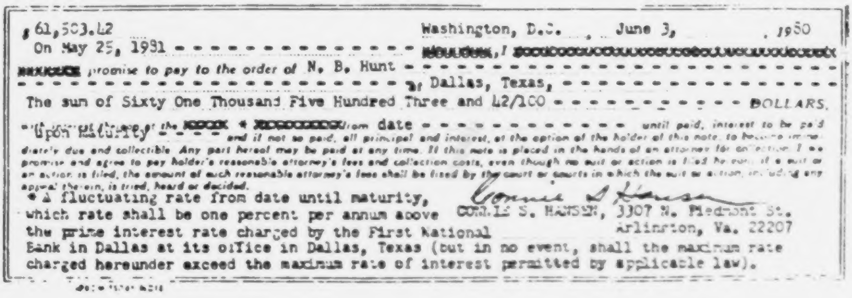
[illegible] not sold

Mr. Ming testified that except for one very brief conversation with Congressman Hansen, in which he was told that Mrs. Hansen was the only one interested in silver trading, he did not speak to the Congressman during the days that the trading took place (Trial Transcript, pp. 388-89):

> A. Mr. Lewin, to the best of my recollection, and I am not saying that my recollection might have been more pure then than now, but to the best of my recollection, and I have been over this transaction in my mind thousands of times since this thing has begun, that Bunker suggested that I call Congressman George Hansen, and Congressman Hansen immediately advised me he was not interested but Mrs. Hansen might be or was interested. He transferred me to Mrs. Connie Hansen, and I had no more discussions with George Hansen, until he called to see if everything went well.

The Hansens reported the $87,000 profit in full on their tax return for 1979 (Ex. 2). Following the legal instructions he had received in the previous two years, Congressman Hansen did not report Mrs. Hansen's silver futures transaction on his 1979 EIGA form.

(2) The Hunt Purchase of the Loan. -- The Dallas bank loan that had been arranged for Mrs. Hansen after her losing 1977 venture into soybean futures was in default by 1980 although Mrs. Hansen had paid at least one interest payment. The Dallas bank called on the loan's guarantor, Nelson Bunker Hunt, to pay the obligation under his guarantee. He did so, and thereby purchased Mrs. Hansen's note (and the obligation for accrued interest) from the bank. Thereafter, his attorneys demanded payment from Mrs. Hansen (Ex. 28). Mr. Hunt also had Mrs. Hansen sign notes to him for the amount he had paid to the bank:



$ 61,503.42 Washington, D.C., June 3, 1980

On May 25, 1981 - - - - - - - - - - - - - - - ~~XXXXXX~~, I ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

~~XXXXXX~~ *promise to pay to the order of* N. B. Hunt -

- at Dallas, Texas, - - - - - - - - - - - - - - - - - -

The sum of Sixty One Thousand Five Hundred Three and 42/100 - - - - - - - - - - - - *DOLLARS*,

with interest thereon at the ~~XXXXX~~ * ~~XXXXXXXXXX~~ *from* date - - - - - - - - - - - - - - *until paid, interest to be paid* Upon maturity - - - - *and if not so paid, all principal and interest, at the option of the holder of this note, to become immediately due and collectible. Any part hereof may be paid at any time. If this note is placed in the hands of an attorney for collection, I we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided.*

* A fluctuating rate from date until maturity, which rate shall be one percent per annum above the prime interest rate charged by the First National Bank in Dallas at its office in Dallas, Texas (but in no event, shall the maximum rate charged hereunder exceed the maximum rate of interest permitted by applicable law).

Connie S Hansen

CONNIE S. HANSEN, 3307 N. Piedmont St.
Arlington, Va. 22207

and for interest that had accrued thereafter (Ex. 29).

The same liability had been omitted from the 1978 Financial Disclosure Statement filed with the House on the advice of Mr. Runft, concurred in by James McKenna, who subsequently became a member of Congressman Hansen's staff. See pp. 52-61, infra. On the basis of this consistent advice, Congressman Hansen again omitted Mrs. Hansen's liability from the EIGA form filed in 1981.

K. Funds Borrowed by Congressman Hansen for Use by a Citizens' Action Group (and Actually Used by that Group) Are Omitted from His 1982 EIGA Form.

The final allegation made in Federal Court against Congressman Hansen concerned the EIGA report he filed in May 1982, to cover the 1981 calendar year. The allegations did not concern assets or liabilities of his wife or funds that had been obtained for personal use by the Hansens. They related to three loans that were made between July and November 1981 from individual businessmen in Virginia. The money was borrowed in Congressman Hansen's name, but the funds were not intended for his personal use. The Congressman solicited interest-bearing loans in amounts of $25,000, $60,000 and $50,000, respectively, for the activities of a group known as the Association of Concerned Taxpayers ("ACT").

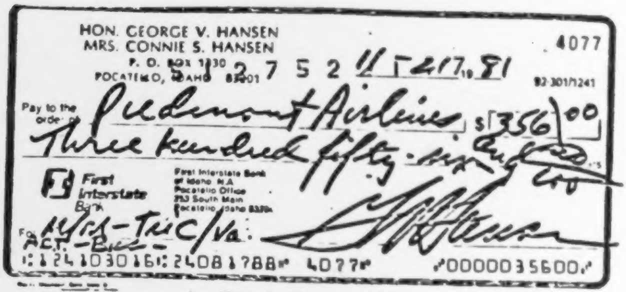
Testimony in Federal Court established that the Congressman intended before the summer of 1977 to form a citizens group that would push for tax reform. A direct-mail campaign to enlist financial and citizen support for the group was planned to begin at the time when Congressman Hansen would introduce his Taxpayer Protection Act. The Act was first introduced as H.R. 4093 on July 9, 1981 (Ex. 30), but the citizens group was not yet off the ground. Knowing that substantial funds would be needed for the initial direct-mail campaign, Congressman Hansen solicited $85,000 in loans in July and August from Carl McAfee, a well-known Virginia lawyer who had represented the family of one of the Americans held hostage in Teheran. Mr. McAfee had come to know Congressman Hansen in 1979 and 1980 because the Congressman had assisted McAfee's efforts to contact the hostage, to travel to Iran, and to try to secure the release of the hostages. Mr. McAfee lent the money to the Congressman for the purpose of promoting the book Congressman Hansen had written attacking the Internal Revenue Service and with knowledge that a nonprofit organization was going to be formed to popularize the book (Ex. 31; Trial Transcript, p. 592).

Later in 1981, after ACT was actually formed and the direct-mail campaign seemed imminent, Congressman Hansen traveled to Virginia to obtain another $50,000 loan for ACT from a president of a Virginia bank who was a friend of Mr. McAfee. There is no doubt that the Congressman's purpose in traveling to Virginia was to solicit funds for ACT, not for himself. The check he wrote to pay Piedmont Airlines for the flight to

Virginia for himself and Mrs. Hansen clearly designated the objective of the travel (Ex. 32):

M/M -- TriC/Va

A.C.T. -- Bus-



HON. GEORGE V. HANSEN
MRS. CONNIE S. HANSEN
P. O. BOX 1130
POCATELLO, IDAHO 83201

4077

5 1 2 7 5 2 11-27 19 81

92-301/1241

Pay to the order of Piedmont Airlines $356.00

Three hundred fifty-six and 00/100

First Interstate Bank
First Interstate Bank of Idaho N.A.
Pocatello Office
253 South Main
Pocatello, Idaho 8320[illegible]

For M/M - TriC/Va.
A.C.T. - Bus -

⑆124103016⑆ 2408 1788⑈ 4077⑈ ⑈0000035600⑈

Mr. Meade loaned $50,000 to Congressman Hansen, and he testified that he did so not to assist the Congressman with any personal debts but to provide funds for the efforts of a nonprofit corporation that would be promoting the Congressman's book (Ex. 33; Trial Transcript, pp. 765-67). The timing of this loan coincided with the introduction of H.R. 4931, a revised form of the "Taxpayer Protection Act" (Ex. 34). It also followed shortly after the introduction of a second important aspect of Congressman Hansen's tax-reform package -- H.R. 4821, the "Tax Simplification Act," also known as the "Flat-Rate Tax" (Ex. 35).

A total of $135,000 was borrowed by Congressman Hansen from the Virginia businessmen. It was undisputed in Federal Court that by the end of March 1982, Congressman Hansen had advanced to ACT and to its suppliers a total of $135,000. That is shown by the following chart, which was introduced at the trial on the basis of checks reflecting payments made personally by Congressman Hansen:

Defense Exhibit	Date of Check	Payee	Amount
51	11/09/81	Martin Advertising	$4,500.00
52	11/23/81	Martin Advertising	8,000.00
53	11/24/81	Martin Advertising	7,500.00
54	12/04/81	Postmaster	200.00
55	12/09/81	Martin Advertising	5,000.00
56	12/14/81	Metro Printing	5,000.00
57	12/17/81	Martin Advertising	1,750.00
58	02/12/82	Martin Advertising	7,500.00
59	03/04/82	Postmaster	48.35
60	03/15/82	Metro Printing	10,000.00
61	03/16/82	Metro Printing	10,000.00
62	03/18/82	Metro Printing	15,000.00
63	03/19/82	Metro Printing	15,000.00
64	03/22/82	Metro Printing	10,000.00
65	03/24/82	American Mailing List	9,600.00
66	03/24/82	American Mailing List	9,700.00
67	03/24/82	American Mailing List	6,200.00
68	03/24/82	American Mailing List	9,500.00
		TOTAL	$134,498.35

Sometime before May 15, 1982, Congressman Hansen asked James McKenna, the attorney on his staff whom he had also consulted on other EIGA questions, whether the $135,000 in loans -- nominally made out to him, but actually used by ACT -- were reportable on his 1982 EIGA form. Mr. McKenna advised that they were not (Trial Transcript, pp. 1424-25):

> Q DID YOU AT ANY TIME IN MAY OF 1982 HAVE ANY DISCUSSION WITH CONGRESSMAN HANSEN ABOUT THE RELATIONSHIP BETWEEN A.C.T., THE ASSOCIATION OF CONCERNED TAXPAYERS, AND THE ETHICS IN GOVERNMENT ACT FORM WHICH HE WAS TO FILE ON MAY 15TH, 1982?
>
> A WE HAD EXTENSIVE DISCUSSIONS ABOUT IT.
>
> Q O.K. COULD YOU PLEASE DESCRIBE FOR THE COURT AND JURY WHAT DISCUSSIONS YOU HAD WITH CONGRESSMAN HANSEN.
>
> A WELL, AT APPROXIMATELY THAT TIME, I BELIEVE IT WAS TWO DAYS BEFORE THE 15TH, HE FOR THE FIRST TIME ADVISED ME THAT THE FUNDS, OR SOME OF THE FUNDS WHICH HE HAD INVESTED IN A.C.T. HAD IN FACT BEEN BORROWED FROM INDIVIDUALS WITH THE ANTICIPATION THAT THEY WOULD BE USED IN THIS PROGRAM. AND THE ISSUE WAS ADDRESSED, WHAT DO YOU DO ABOUT IT ON THE LIABILITY PAGE -- ON THE LIABILITY ITEM OF THE DISCLOSURE FORM.

WE HAD EXTENSIVE DISCUSSIONS ABOUT, YOU KNOW, WHAT WAS THE COMMITMENT MADE AT THE TIME AND THAT SORT OF THING. AND HE ADVISED ME THAT HE HAD SOLICITED THIS OBLIGATION, AND QUITE FRANKLY, AT THE TIME I DON'T THINK I WAS AWARE -- IT'S DIFFICULT IN VIEW OF SUBSEQUENT EVENTS, BUT I DON'T THINK I WAS AWARE THERE WAS EVEN A MULTIPLICITY. ALL I WAS AWARE OF WAS THAT THERE WAS AN INDIVIDUAL LENDER INVOLVED AND THAT THE MONEY HAD GONE INTO A.C.T.

IN VIEW OF THE PROMISE OF CONFIDENTIALITY, IN VIEW OF THE FACT THAT AT THAT TIME A.C.T. WAS ACKNOWLEDGING, AND AS FAR AS I KNOW STILL ACKNOWLEDGES, THE LIABILITY TO MR. HANSEN FOR THE FUNDS HE ADVANCED, I ADVISED HIM THAT IT WOULD BE PRUDENT TO LEAVE IT OFF THE FORM ON THE APPREHENSION THAT: ONE, WE HAD PROMISED CONFIDENTIALITY TO DONORS, OR TO FINANCIAL SUPPORTERS IN ANY ONE OF SEVERAL CATEGORIES, DONORS, WHATEVER; THAT A.C.T. HAD BY THAT TIME ACKNOWLEDGED ITS OBLIGATION; AND THAT IN FACT THE MONEY HAD BEEN SPENT AS HE HAD REPRESENTED TO THE LENDERS.

IN ADDITION, I BELIEVE IT'S IN THE NEXT SECTION, WE PUT HIS POSITION AS THE DOMINANT PERSON IN THE A.C.T. ORGANIZATION AND LEFT OFF THE THREE ITEMS ON MY ADVICE THAT IT WOULD NOT CONSTITUTE A PERSONAL OBLIGATION OF MR. HANSEN IN THE EXACT SENSE OF THE WORD.

In their presentation to the jury in Federal Court, the prosecutors insinuated that the loan from Mr. Meade had been an improper bribe of some kind, designed to enlist Congressman Hansen's support for a "hydrogen car" project in Australia. The allegation was ridiculous, particularly since Congressman Hansen had done nothing in relation to that project other than to arrange a meeting, at Mr. McAfee's request, in the office of the Secretary of the Army. The Congressman left the meeting after the initial introductions and was neither asked to, nor did, make any follow-up contacts or phone calls. Three and four months after the meeting, he made telephone calls to the Pentagon to complain about possible intimidation and harassment of certain federal employees who had been contacted with regard to that project (Ex. 36; Trial Transcript, pp. 1505).

The prosecutors also insinuated guilt on the part of Congressman Hansen because in April 1982, federal bank examiners discovered that Mr. Meade was involved in bank irregularities. Ultimately, Meade was indicted and pleaded guilty to bank fraud. The evidence established, however, that Congressman Hansen did not know of Mr. Meade's problems until after his 1982 EIGA form had been filed. And he had no way of knowing that Mr. Meade was dishonest when he borrowed money from him for ACT in November 1981.

Conclusive proof that there was no impropriety between Congressman Hansen and Mr. Meade emerges from the unsuccessful efforts the prosecutors made to apply pressure to Meade. When first sentenced, he was given two years' imprisonment by the District Judge (Ex. 37). He then moved for reduction of his sentence. While the issue of his sentence was pending, he was contacted by the prosecutors, who encouraged him to cooperate in the "investigations of Congressman George V. Hansen." Meade's lawyer communicated to him that "it would probably be to his best interests in the long run to offer cooperation in the prosecution of the cases against Congressman Hansen in hopes of obtaining immunity for himself."

Nonetheless, Meade replied, through his counsel, "that bribery was never considered, much less discussed by him or in his presence, either when he made bank loans to Mr. McAfee and Mr. Rogers to replenish resources from which they made loans to Congressman Hansen, or at the time that Mr. Meade made a personal loan from his individual resources directly to Congressman Hansen. He says he has no knowledge of any events which could reasonably be construed as bribery of Congressman Hansen by himself or anyone else at any time" (Ex. 38; reproduced in full on the following pages). If, notwithstanding the difference staring him in the face between a long jail sentence and a short one (or no imprisonment at all), Mr. Meade had no information to incriminate Congressman Hansen, it is clear that there is simply nothing to the patently absurd insinuation of bribery.

May 4, 1983

The Hon. James M. Cole
The Hon. Reid Weingarten
Attorneys for Public Integrity Section
Criminal Division
United States Department of Justice
315 Ninth Street, 4th Floor
Washington, D.C. 20530

Re: John D. Meade, Jr.

Dear Jim and Reid:

We appreciate your candor in discussing with John D. Meade, Jr. and myself Mr. Meade's potential criminal liability arising from grand jury proceedings and other investigations of Congressman George V. Hansen. Since our conference in your offices on May 4, I have reviewed with my client in great detail the factors discussed.

I have advised Mr. Meade that he should make full and frank disclosure of any and all information he has concerning any wrong doing on the part of Congressman Hansen as it relates to your investigation. I have further advised him that if any such full and frank disclosure would incriminate Mr. Meade, either because of inconsistencies with his sworn testimony before the grand jury, or because of his involvement in any transactions which could be construed as bribery, it would probably be to his best interests in the long run to offer cooperation in the prosecution of the cases against Congressman Hansen in hopes of obtaining immunity for himself.

In his mind and without benefit of a transcript, Mr. Meade has carefully reviewed his grand jury testimony, and he positively affirms that his entire testimony before the grand jury was absolutely true to the best of his knowledge and belief, both then and now.

Further, Mr. Meade assures me that bribery was never considered, much less discussed by him or in his presence, either when he made bank loans to Mr. McAfee and Mr. Rogers to replenish resources from which they made loans to Congressman Hansen, or at the time that Mr. Meade made a personal loan from his individual resources directly to Congressman Hansen. He says he has no knowledge of any events which could reasonably be construed as bribery of Congressman Hansen by himself or anyone else at any time.

I can understand your being suspicious of the circumstances which have been related to you pertaining to the two loans made to Congressman Hansen by Messrs McAfee and Rogers, and the one loan made to Congressman Hansen by John Meade. However, if it were Mr. Meade's purpose to fabricate a false story, I would hope that he would be clever enough to come up with a story which would be less suspicious and more plausible. As we all know, it is not uncommon for the truth to appear far more suspiciousthan a lie. In the instant case, we have to take the position that these suspicions have no basis in fact.

Mr. Meade would be happy to cooperate with you in any way possible, and he feels no obligation or desire to protect Congressman Hansen or anyone else involved here, but could not truthfully furnish any additional or different testimony other than that which he has already given before the grand jury. If he should, at any later time, recall or learn of any new information which would either directly or indirectly shed light on your case, he has assured me that he will immediately furnish any such information to you through this office.

In the meantime, if I can be of any assistance to you in pursuing any further inquiries in the matters about which John Meade has any information, I would be glad to assist, and I am sure John would, also.

With best regards, I am,

Sincerely,

J. D. BOWIE

JDB:dcb

cc: Mr. John D. Meade, Jr.

III.

WHAT IS CONGRESSMAN HANSEN'S DEFENSE?

A. Mrs. Hansen's Liabilities and Transactions.

The first time he was asked by the FBI in September 1981 why he had failed to report the $87,000 silver profit on his EIGA form, Congressman Hansen replied (Ex. 5):

> [H]e had discussed this matter at length with his attorneys JAMES McKENNA and JOHN RUNFT. A consensus was reached among them that because of the Division of Property which he and his wife had obtained in the State of Idaho at least one year prior to his wife's silver contract purchases, any transactions solely entered into by his wife are not subject to disclosure in the Financial Disclosure Statements.

The evidence presented in Federal Court established that the question whether Mrs. Hansen's assets and liabilities had to be reported on financial disclosure forms had been discussed exhaustively among the Congressman and the two lawyers on whom he relied for legal judgments. They both testified that beginning with 1978 -- when the issue arose in the context of the House's Financial Disclosure Statement -- they had advised the Congressman that Mrs. Hansen's liabilities and transactions were not reportable. Mr. Runft's testimony with regard to 1978 was as follows (Trial Transcript, pp. 1079-80):

Q. What was your opinion, Mr. Runft, concerning whether the debts that had been assigned to Mrs. Hansen under the property settlement agreement had to be reported to the House Ethics Committee on its form as debts of Congressman Hansen?

* * *

My opinion was that under those particular conditions, that the fact that Mrs. Hansen pursued her own separate life and paid her own separate debts was not an item that needed to be reported by Congressman Hansen on his report required under the Ethics Rules.

Furthermore, and always along with this advice to Mr. Hansen, my opinion, secondly, was the Committee had the authority and the duty to review these reports, with knowledge, and advise Congressman Hansen if he was wrong in any way. Mr. Hansen, in my opinion, had a right to rely on this.

With regard to 1979 -- the first year of EIGA reporting -- Mr. Runft said (Trial Transcript, pp. 1086-88):

> Q. Did you come to any conclusion regarding whether or not Congressman Hansen was required, by the Ethics in Government Act, to report debts of his wife, of Connie Hansen's, on his Ethics in Government Act form after he had signed the separation of property agreement?
>
> A. Yes, I did.
>
> Q. What conclusion did you arrive at?
>
> A. My conclusion, or my opinion, consists of two parts. First, I believed or I concluded that in light of the property settlement agreement, which separated the property interests of the parties, that a reasonable interpretation of the Act, particularly Section 702(d)(2) would allow the Congressman not to file information concerning his wife's income.
>
> The second part of my opinion was that this was a new Act, just passed. It had not been interpreted yet, and that the provisions of Section 705 of the Act required that the designated committee, which was the Select Committee on Official Conduct of the House of Representatives, was required to review these reports and to set up a procedure whereby the Committee would determine whether the reports were correct, whether they were complete and whether they were in proper form and advise the Congressman if they were not.

So on that basis, if my decision or my interpretation, as a possible remedy, was wrong, if the Committee were advised of what was being done, the Committee then had a duty to advise Congressman Hansen that this is not the right way to go.

So on that two-part advice, one, I think it can be done as a reasonable interpretation of that Act, in light of what the Congressman and his wife have done with their property, and secondly, based on the duties of the Committee on notice, and, of course, the Committee was on notice that the congressman and his wife had filed the property settlement agreement and what it was all about, that the Committee then had the obligation, under the statute, to advise the Congressman if there was any problem, and he had, as a congressman, under that statute, a right to rely on that.

Q. Did you give that advice and that conclusion to Congressman Hansen at or about the time that you did that research in May of 1979?

A. I did.

Q. That was prior to May 15th, 1979?

A. That is correct.

Q. To your knowledge, did Congressman Hansen accept that advice?

A. Yes, he did.

Q. To your knowledge, was that same advice followed in succeeding years?

A. To my knowledge, it was, yes.

Mr. Runft also testified that the matter had been discussed with Mr. McKenna (Trial Transcript, p. 1088):

> Q. Were there discussions on the general subject of the Ethics in Government Act between yourself and Congressman Hansen, and to mention someone else who was mentioned, Mr. McKenna?
>
> A. Yes, there were. Mr. McKenna had, in the interim, come on the George Hansen staff. Mr. McKenna is also a lawyer. He had become a member of George's staff, and in succeeding months, and actually, in different years, we have discussed these matters from time to time; again, based on the Committee's knowing what the Congressman's situation was and his right to rely on the Committee's duty to report any conclusions it would reach different than the Congressman's.

Mr. McKenna testified as follows with regard to his advice concerning Mrs. Hansen's assets and liabilities (Trial Transcript, pp. 1348-51):

Q. WAS THERE A TIME FROM AND AFTER THE PERIOD WHEN YOU BEGAN WORKING FOR CONGRESSMAN HANSEN IN DECEMBER OF 1975 THAT YOU DISCUSSED WITH CONGRESSMAN HANSEN THE EFFECT OF THE ETHICS IN GOVERNMENT ACT ON HIS OBLIGATION TO REPORT VARIOUS FINANCIAL TRANSACTIONS?

A. YES, SIR. IT WAS A SUBJECT OF DISCUSSION ONCE THE ETHICS IN GOVERNMENT ACT WAS PASSED. ALTHOUGH THE NATURE OF THE REPORTING PROCEDURE CHANGED, AS THE NATURE OF THE MECHANICS WENT FROM RULE TO STATUTE.

OUT OF AN EXCESS OF CAUTION, MR. RUNFT EXAMINED THE STATUTE IN GREAT DETAIL. I EXAMINED THE STATUTE AND WE DISCUSSED THE EFFECT OF THE STATUTE WITH THE CONGRESSMAN, THE AFFECTED PARTY.

Q. DID YOU DISCUSS WITH THE CONGRESSMAN THE EFFECT OF THE STATUTE ON HIS OBLIGATION TO REPORT THE ASSETS AND LIABILITIES OF MRS. HANSEN?

A. YES, SIR.

Q. DID THAT HAPPEN ON ONE OCCASION OR ON SEVERAL OCCASIONS?

A. IT HAPPENED ON MORE THAN ONE OCCASION.

Q. AND DID YOU IN THOSE CONVERSATIONS WITH THE CONGRESSMAN EXPRESS YOUR OPINION AS TO WHETHER OR NOT HE HAD AN OBLIGATION UNDER THE ETHICS IN GOVERNMENT ACT TO REPORT ASSETS AND LIABILITIES OF MRS. HANSEN ON THE ETHICS IN GOVERNMENT ACT FORM?

A. YES, I DID.

Q. AND WHAT WAS THAT OPINION?

A. IT WAS MY OPINION THAT GIVEN THE LEGAL STATUS OF THEIR RELATIONSHIP, THAT THEY WERE IN FACT SEPARATE INDIVIDUALS. MY CONCERN WENT FURTHER AS TO WHETHER OR NOT THE CONGRESSMAN EVEN HAD AN OPTION UNDER THE PRIVACY STATUTES IN ORDER TO REVEAL

THIS WAS HE NOT PERHAPS GOING BEYOND THE RIGHTS THAT MRS. HANSEN HAD FOR HER PRIVACY. AT THE TIME, MY CONCERN WAS LESS WITH THE REPORTING OR THE OPTION OF THE REPORTING THAN A VOLUNTARY REPORT MIGHT IN FACT HAVE VIOLATED MRS. HANSEN'S RIGHTS.

WE WERE BOTH STRONGLY OF THE OPINION THAT THE ETHICS IN GOVERNMENT ACT DID NOT CONTEMPLATE THE SITUATION THAT MR. AND MRS. HANSEN FOUND THEMSELVES IN BY REASON OF THE SEPARATION AGREEMENT.

Q. AND COULD YOU PLEASE EXPLAIN FOR THE COURT AND JURY WHAT WERE THE GROUNDS FOR YOUR CONCLUSION IN THAT REGARD? WHAT DID YOU BASE THAT CONCLUSION ON?

A. WELL, I BASED THE CONCLUSION ON THE FACT THAT, ONE, THIS SOLUTION HAD IN ESSENCE ALREADY BEEN IN SUBSTANTIAL WAYS WORKED OUT WITH THE DOMINANT COMMITTEE, WHICH REMAINED THE DOMINANT COMMITTEE, THE SUPERVISORY COMMITTEE BOTH UNDER THE RULE AND UNDER THE STATUTE, THAT THE SEPARATION AGREEMENT HAD IN FACT, THEY HAD BEEN APPRISED OF IT; THEY HAD AT LEAST ACQUIESCED IN IT, AND THAT THE STATUTE CONTEMPLATED AN ECONOMIC SPOUSAL RELATIONSHIP THAT WE FELT WAS NO LONGER IN EXISTENCE; THAT THE PARTIES WERE AS TO THEIR ECONOMIC REALITIES WHICH WERE REQUIRED TO BE REPORTED ON THE FORM, ACTUALLY, FROM THAT POINT OF VIEW NO LONGER JOINT AS HUSBAND AND WIFE.

Q. IS IT FAIR TO SAY THEN THAT THERE WERE TWO BASES FOR YOUR DECISION, ONE WAS THE PRACTICE AND THE UNDERSTANDING WITH THE COMMITTEE, AND THE OTHER WAS THE STATUTE AND THE PURPOSE OF THE STATUTE?

A. YES, SIR, THAT IS A FAIR STATEMENT.

The matter was considered totally resolved in Congressman Hansen's mind by the advice of the attorneys. This was demonstrated by Mr. McKenna's testimony on redirect examination (Trial Transcript, pp. 1528-29):

> Q. Now, Mr. Weingarten asked you whether you gave specific advice to Congressman Hansen with regard to the form filed in 1980 and 1981, in other words, the forms relating to the silver transaction and the form relating to the loan from Nelson Bunker Hunt, and I believe you replied you did not. You didn't recall that you gave specific advice on those particular transactions?
>
> A. That is correct.
>
> Q. Tell us, Mr. McKenna, on the subject of spousal property, the property owned or liabilities incurred by Mrs. Hansen, by 1980 and 1981, in Congressman Hansen's office, was it necessary to give specific advice on those particular kinds of questions?
>
> A. The subject had been discussed. A conclusion had been reached. The matter was considered closed as far as we were concerned. By "we", I mean both myself and Mr. Kunzl. It would not surprise me that the Congressman would not consult us on individual items pursuant to the advice that he had been receiving for four years at that time.
>
> Q. Was there any condition or any qualification whatever

to the advice that you and Mr. Runft had been giving him previously concerning property or transactions which Mrs. Hansen had engaged in or received, property received or transactions she had engaged in?

A. Only were that they joint, they would not drop out, under our consistent advice under the rule.

Q. But if it was her transaction, it was her note, as in 1981, there was no question about that?

A. Right or wrong, it has been our consistent opinion that the arrangement under the Idaho community property law exempted Mrs. Hansen as an independent economic entity as reports from under that act.

Q. A transaction such as a the silver transaction, which she alone was the person on the papers, was also "dropped out", is that right?

A. As far as we were concerned, it was a closed issue.

The advice of Messrs. Runft and McKenna was not undermined at all by the fact -- which the prosecutors emphasized in Federal Court -- that Congressman Hansen made personal use of funds that Mrs. Hansen had obtained through the silver transaction or through the loan from the Dallas bank. Mr. Runft was the Hansen's family lawyer; he knew that they continued to mingle their assets. Indeed, he testified that the Property Settlement Agreement did not require them to act differently (Trial Transcript, pp. 1063-64):

> Q. Does the property settlement agreement prevent them from having joint accounts in any way?
>
> A. No.
>
> Q. Does it prevent the wife from using the husband's property or the husband from using the wife's property?
>
> A. No more so than it would two unmarried people living together. But what it does do, it terminates the aspects of property derived from marriage, such as the right to inherit, the community property rights, the automatic one half equity interest in all income of the other spouse, things of this nature, which, of course, are very, very important in substantive matters.

An element in Mr. Runft's conclusion was his view that this Committee had been advised, through the correspondence that he had helped draft, of the existence of the Property Settlement

Agreement and of the fact that this warranted excluding Mrs. Hansen's liabilities and transactions from the EIGA reports. Mr. McKenna similarly relied on that fact. He also testified that he had personally continued to advise the Committee staff that the Property Settlement Agreement was the reason for the omission of Mrs. Hansen's liabilities and transactions (Trial Transcript, pp. 1347-48):

> Q. AND FROM AND AFTER THE TIME THAT YOU JOINED CONGRESSMAN HANSEN'S STAFF, WAS THE HOUSE ETHICS COMMITTEE OR THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT CONTINUALLY NOTIFIED OF THE FACT THAT SUCH AN ARRANGEMENT HAD BEEN ENTERED INTO AND WAS IN EFFECT?
>
> A. YES, SIR.
>
> Q. BY WHOM?
>
> A. I, PERSONALLY, HAVE HAD CONVERSATIONS WITH MEMBERS OF THAT STAFF, SPECIFICALLY INVOLVING THE EXISTENCE AND EFFECT THAT DOCUMENT.
>
> Q. AND DURING WHAT PERIOD OF TIME HAVE YOU HAD SUCH CONVERSATIONS?
>
> A. IT BEGAN?
>
> Q. I AM NOT ASKING FOR SPECIFIC DATES. GIVE ME A BEGINNING AND ENDING TIME.
>
> A. PROBABLY NO LATER THAN EARLY 1980, AND AT LEAST FOUR OR FIVE TIMES SINCE THAT TIME.
>
> Q. AND IN THESE DISCUSSIONS YOU HAVE ADVISED THEM THAT THIS SEPARATION OF PROPERTY AGREEMENT CONTINUES TO BE IN EFFECT?
>
> A. IN TRUTH, I DID NOT HAVE TO ADVISE THEM. THEY WERE AWARE OF IT BEFORE I GOT THERE. BY WHAT MEANS I DON'T KNOW.

In view of the Committee's statutory obligation to review EIGA forms to determine whether they are "complete" (2 U.S.C. § 705), and in view of the requests made by Congressman Hansen for "confirmation" of his reports, the Committee cannot now, in good conscience, condemn the Congressman for having followed a practice that was open and notorious and that the Committee has never sought to correct.

B. The Loans by the Virginia Businessmen.

Mr. McKenna testified that Congressman Hansen customarily consulted him each year on questions relating to the EIGA forms. On each of these occasions, Mr. McKenna had provided his best legal judgment to the Congressman. In May 1982, Mr. McKenna said he was asked about the amount that the Congressman had, by the end of March of that year, advanced to the Association of Concerned Taxpayers (Trial Transcript, pp. 1424-25):

> Q DID YOU AT ANY TIME IN MAY OF 1982 HAVE ANY DISCUSSION WITH CONGRESSMAN HANSEN ABOUT THE RELATIONSHIP BETWEEN A.C.T., THE ASSOCIATION OF CONCERNED TAXPAYERS, AND THE ETHICS IN GOVERNMENT ACT FORM WHICH HE WAS TO FILE ON MAY 15TH, 1982?
>
> A WE HAD EXTENSIVE DISCUSSIONS ABOUT IT.
>
> Q O.K. COULD YOU PLEASE DESCRIBE FOR THE COURT AND JURY WHAT DISCUSSIONS YOU HAD WITH CONGRESSMAN HANSEN.
>
> A WELL, AT APPROXIMATELY THAT TIME, I BELIEVE IT WAS TWO DAYS BEFORE THE 15TH, HE FOR THE FIRST TIME ADVISED ME THAT THE FUNDS, OR SOME OF THE FUNDS WHICH HE HAD INVESTED IN A.C.T. HAD IN FACT BEEN BORROWED FROM INDIVIDUALS WITH

THE ANTICIPATION THAT THEY WOULD BE USED IN THIS PROGRAM. AND THE ISSUE WAS ADDRESSED, WHAT DO YOU DO ABOUT IT ON THE LIABILITY PAGE -- ON THE LIABILITY ITEM OF THE DISCLOSURE FORM.

WE HAD EXTENSIVE DISCUSSIONS ABOUT, YOU KNOW, WHAT WAS THE COMMITMENT MADE AT THE TIME AND THAT SORT OF THING. AND HE ADVISED ME THAT HE HAD SOLICITED THIS OBLIGATION, AND QUITE FRANKLY, AT THE TIME I DON'T THINK I WAS AWARE -- IT'S DIFFICULT IN VIEW OF SUBSEQUENT EVENTS, BUT I DON'T THINK I WAS AWARE THERE WAS EVEN A MULTIPLICITY. ALL I WAS AWARE OF WAS THAT THERE WAS AN INDIVIDUAL LENDER INVOLVED AND THAT THE MONEY HAD GONE INTO A.C.T.

IN VIEW OF THE PROMISE OF CONFIDENTIALITY, IN VIEW OF THE FACT THAT AT THAT TIME A.C.T. WAS ACKNOWLEDGING, AND AS FAR AS I KNOW STILL ACKNOWLEDGES, THE LIABILITY TO MR. HANSEN FOR THE FUNDS HE ADVANCED, I ADVISED HIM THAT IT WOULD BE PRUDENT TO LEAVE IT OFF THE FORM ON THE APPREHENSION THAT: ONE, WE HAD PROMISED CONFIDENTIALITY TO DONORS, OR TO FINANCIAL SUPPORTERS IN ANY ONE OF SEVERAL CATEGORIES, DONORS, WHATEVER; THAT A.C.T. HAD BY THAT TIME ACKNOWLEDGED ITS OBLIGATION; AND THAT IN FACT THE MONEY HAD BEEN SPENT AS HE HAD REPRESENTED TO THE LENDERS.

IN ADDITION, I BELIEVE IT'S IN THE NEXT SECTION, WE PUT HIS POSITION AS THE DOMINANT PERSON IN THE A.C.T. ORGANIZATION AND LEFT OFF THE THREE ITEMS ON MY ADVICE THAT IT WOULD NOT CONSTITUTE A PERSONAL OBLIGATION OF MR. HANSEN IN THE EXACT SENSE OF THE WORD.

The Congressman followed Mr. McKenna's advice and did not include the Virginia loan funds -- which had already been utilized by ACT -- as debts that he owed in 1981. In fact, had he listed them, it would have appeared as if he had borrowed these funds for personal use, rather than disclosing the truth -- i.e., that he had been a conduit between the lenders and the organization whose goals the lenders were seeking to promote and encourage.

Congressman Hansen believed in 1982 -- based on Mr. McKenna's advice -- that since these were not truly his personal debts and since there was an implicit obligation to preserve anonymity of the lenders, the loans did not have to be included on his EIGA form. No evidence or legal view asserted by the prosecutors has overcome that legal opinion. It is valid today and justifies the exclusion of the Virginia loans from the EIGA report.

IV.

WAS THE JURY TRIAL FAIR?

This Committee is, of course, not bound in any manner by the verdict returned by the jury on April 2. The Committee's Rules give no weight to the jury finding whatever. The jury verdict is merely a triggering mechanism. Like the filing of a complaint, it initiates a process whereby the facts are investigated and determinations are made.

Nonetheless, it is natural to wonder why the jury returned the verdict it did, particularly if the evidence as conclusively proves innocence as we believe it does. We believe the trial was unfair for many reasons, the most important of which -- in a legal sense -- will be presented on appeal, if an appeal is necessary. We enumerate briefly here some of the major factors that combined to deprive Congressman Hansen of a fair appraisal of his guilt or innocence.

A. The Publicity Immediately Preceding the Trial Prejudiced the Jurors.

The trial began on March 19, the day when publicity concerning the Ethics in Government Act and Mr. Edwin Meese was at its peak. Newspapers -- particularly The Washington Post -- had been covering the revelations regarding Mr. Meese's nondisclosure of his wife's loan (and other assets) for the preceding week on the front pages. It appeared to be a time when public opinion was most heavily tilted against public officials who failed to disclose assets or liabilities on their disclosure forms, and when vindicating the statutory obligation seemed to be a positive citizen's duty.

In this climate, we -- as counsel for Congressman Hansen -- moved for a change of venue from Washington, D.C., to either Richmond, Virginia, or Baltimore, Maryland or any other location where the daily publicity would be less intense. The judge refused to move the trial. She also refused a short continuance until the Meese publicity would die down. She also refused a longer continuance. Entirely on her own, Judge Green determined that the jury should be sequestered -- i.e., locked up in hotel rooms and removed from their families for the entire duration of the trial.

It developed during the voir dire of the prospective jury that many jurors knew about the Meese allegations. By sequestering the jurors, the judge removed them from society when feeling against Mr. Meese was highest, thereby leaving them with the impression that they would be doing a great public service by convicting any public official who left something off his EIGA form, irrespective of his motive.

B. The Sequestration Influenced the Jurors To Vote for Conviction.

It is commonly accepted among defense counsel that a sequestered jury is more likely to convict a defendant than one that is not sequestered. That is true because the sequestration magnifies the enormity of the offense in the mind of the jurors and, to the extent the jurors feel resentment over being "locked up," they blame it on the defendant.

In preparing a Motion for a New Trial in this case, we consulted a leading Washington psychologist who is an expert in relationships within groups. Dr. Lawrence Sank, who has written extensively on the subject and practices in the field of clinical psychology, also had experience with those who were held hostage during the takeover by Hanafi Moslems of the B'nai B'rith Building, the District Building, and the Islamic Center. Dr.

Sank has provided an extensive affidavit on the consequences of jury sequestration, in which he enumerates the conditions which tilt a sequestered jury decidedly against a defendant in a criminal case. The affidavit is Ex. 39 in our Appendix, and it demonstrates why the jury unfairly returned the verdict it did.

C. Unfair Prosecution Tactics, Which the Judge Refused to Correct, Influenced the Jury Against Congressman Hansen.

The prosecution engaged in a number of tactics that diverted the jury from the true issues in the case. Notwithstanding repeated defense objections, the trial judge failed to keep the evidence within proper bounds.

(1) Huge amounts of money were cited. -- The prosecution emphasized the details of the soybean and silver transactions and provided charts which made it appear as if Mrs. Hansen participated in transactions in which she risked $2,489,700 and $3,877,000. Those enormous inflammatory numbers were paraded before the jury, as was the huge net worth of Nelson Bunker Hunt. The prosecution also described meticulously a transaction in which a $125,000 check was allegedly written on an Idaho account containing only several hundred dollars, as if large amounts of money were being carelessly tossed about by Congressman Hansen and his agents. In fact, the $125,000 check was written only on a banker's assurance that $125,000 would immediately be released from a brokerage account for deposit before the check cleared.

(2) The prosecution was permitted to present a "legal expert." -- The correctness of the legal advice given by Messrs. Runft and McKenna was not a proper issue for the jury. If Congressman Hansen asked for legal advice in good faith and received such advice, he was entitled to rely on it even if other lawyers would disagree with that advice. Nonetheless, the judge permitted the prosecution to call the Chief Counsel of the Office of Government Ethics in the Office of Personnel Management to testify that he disagreed with Mr. Runft. Such testimony is clearly prohibited by applicable court decisions because it carries excessive weight with the jury.

(3) A host of irrelevancies were introduced. -- The prosecutors were permitted to parade before the jury irrelevant checks that Congressman Hansen had written and to impugn his integrity with some loan applications he had submitted. The documents were offered in evidence when Mrs. Hansen was on the witness stand, even though she had no personal knowledge of them and could not explain them. Since Congressman Hansen, on the tactical advice of counsel, exercised his right not to testify, the inflammatory material remained unexplained.

(4) A different legal standard was applied because the defendant was a Congressman. -- Counsel for the defense requested an instruction to the jury that all defendants are equal in the eyes of the law. The prosecutor replied that such an instruction was not necessary because he would be telling the jury that they could not be more strict with Congressman Hansen merely because

he is a Congressman. In fact, during his closing argument, the prosecutor said the following in challenging the Congressman's reliance on the advice of counsel (Trial Transcript, p. 1921):

> THE ADVICE-OF-COUNSEL DEFENSE. IT FAILS FOR THREE SEPARATE REASONS: FIRST, HE WASN'T SEEKING LEGITIMATE ADVICE. HE IS NOT JOE SCHMOE ON THE STREET WHO DOESN'T KNOW ANYTHING ABOUT THE LAW. HE IS A LAWMAKER HIMSELF. HE KNOWS HOW TO READ. HE KNOWS THAT -- THE LAWS THAT ARE PASSED BY CONGRESS. HE KNOWS WHAT CONGRESS WAS UP TO WHEN THEY PASSED THE ETHICS IN GOVERNMENT ACT. HE WASN'T LOOKING FOR A LEGAL INTERPRETATION. HE'S A LAWMAKER. HE WAS LOOKING FOR AN EXCUSE. AND THAT IS NOT A GOOD FAITH REASON FOR GOING TO A LAWYER.

D. The Summation Was Outrageously Inflammatory.

The prosecutor's summation -- in both its opening and closing portions -- were efforts to inflame the jury against Congressman Hansen. The prosecutor first tried to turn this into a case involving "political corruption" -- which was plainly not an issue (Trial Transcript, pp. 1839-40):

> THE LAW IN THIS CASE AND THE ISSUES IN THIS CASE ALL COME DOWN TO ONE THING: WHAT WAS GEORGE HANSEN'S INTENT WHEN HE DIDN'T REPORT THE HUNT DEALS AND THE VIRGINIA LOANS? WAS IT SIMPLY A MISTAKE? WAS IT AN ACCIDENT? WAS HE ACTING IN GOOD FAITH? I SUBMIT TO YOU, LADIES AND GENTLEMEN, THE EVIDENCE IS OVERWHELMING. IT WAS NO MISTAKE; IT WAS NO ACCIDENT; THERE WAS NO GOOD FAITH. THESE TRANSACTIONS, WHEN OPENED TO THE FRESH AIR, WHEN YANKED OUT OF JOHN RUNFT'S OFFICE -- AND I SUBMIT JOHN RUNFT NEVER THOUGHT THAT PROPERTY SEPARATION AGREEMENT WOULD SEE THE LIGHT OF DAY -- WHEN YANKED OUT OF MING'S TOLL RECORDS, MCAFEE'S MEMORY, MEADE'S BANK, IDAHO BANKS, AND MANY OTHER PLACES, EMIT AN ODOR THAT CAN BE PICKED UP ALL THE WAY IN POCATELLO, IDAHO. AND IT'S NOT THE ODOR OF SPRING FLOWERS; IT IS THE STENCH OF POLITICAL CORRUPTION.
>
> GEORGE HANSEN WENT TO GREAT LENGTHS TO HIDE THAT STENCH, TO HIDE IT FROM HIS PEERS ON THE HILL, TO HIDE IT FROM THE PRESS, TO HIDE IT FROM HIS CONSTITUENTS, THE GOOD PEOPLE OF IDAHO, AND TO HIDE IT FROM THE LAW.

And when he stood up in rebuttal, and had the last word to the jury, the prosecutor turned the question of whether the EIGA forms had been deliberately falsified into a test of "ethics in government" (Trial Transcript, pp. 1924-25):

> LADIES AND GENTLEMEN, THE BACKDROP TO THIS CASE IS AN ACT CALLED THE ETHICS IN GOVERNMENT ACT. WHAT GEORGE VERNON HANSEN DID IN THIS CASE IS THE CENTER STAGE. A PHONY SEPARATION AGREEMENT DESIGNED TO GET AROUND THE ETHICS COMMITTEE. IS THAT ETHICS IN GOVERNMENT?
>
> HUNT ENGINEERED AND CONTROLLED DEALS RUN THROUGH HIS WIFE'S NAME TO HIDE HIS INVOLVEMENT. IS THAT ETHICS IN GOVERNMENT?
>
> A $50,000 LOAN TO COVER A $33,000 LOSS THAT'S NEVER PAID BACK. IS THAT ETHICS IN GOVERNMENT?
>
> $87,000 IN HIS WIFE'S NAME THAT HE RUNS THROUGH TWO BANK ACCOUNTS IN CHECKS TO HIMSELF. IS THAT ETHICS IN GOVERNMENT?
>
> $135,000 FROM A BANK SWINDLER THAT HE RECEIVES AND THEN PROMOTES A HOAX AT THE PENTAGON. IS THAT ETHICS IN GOVERNMENT?
>
> THE QUESTION IS SIMPLE: IF IT IS, THAT'S ETHICAL BEHAVIOR, FIND HIM NOT GUILTY; SEND HIM BACK TO CONGRESS WITH A MESSAGE THAT WE EXPECT NO MORE OF ITS MEMBERS.

Each of these assertions -- as well as other improprieties during summation -- were objected to by defense counsel. The judge refused to take any remedial measure.

There were, in addition to the above, numerous other errors in the trial relating to prosecution evidence that was improperly admitted and defense evidence that was improperly excluded. The trial was not a fair presentation of proof to an open-minded jury. It was a parade of irrelevant and prejudicial material to a jury which began and ended with a significant bias against Congressman Hansen.

V.

WAS THERE A VIOLATION OF HOUSE RULES?

A fair appraisal of the evidence leads, we believe, to the conclusion that Congressman Hansen violated no House rule whatever. The way in which he completed the EIGA forms in the years 1979 through 1982 was based on legal propositions expounded by his attorneys, under oath, in a court of law. There was no concealment of what he had done or why he had done it. He acted consistently with the theories of law which entitled Mrs. Hansen in 1977 to solicit contributions to cover the obligations which she had assumed as her own personal debts. It would have been inconsistent with that position to have listed her debts, or the profit she made in the 1979 silver futures transaction, as reportable liabilities or transactions of the Congressman.

Moreover, this Committee took no action during all those years either (1) to advise the Congressman that it disagreed with Mr. Runft's and Mr. McKenna's view of the law or (2) to make any formal request, by way of letter or otherwise, for additional information relevant to a determination. Under these circumstances, Congressman Hansen reasonably concluded that the policy he was following was approved by the Committee.

There is, in addition, another indication that what Congressman Hansen did is not a violation of House rules. A review of the EIGA forms as they have been filed and printed discloses that if Congressman Hansen violated House rules in failing to complete his form properly, many other Members might be subject to similar sanctions.

For example, Section VIII of the present EIGA form requires Members of Congress to respond affirmatively or negatively to the question: "Are you aware of any interests in property or liabilities of a spouse or dependent child or property transaction by a spouse or dependent child which you have not reported because they meet the three standards for exemption?" For 1981, 45 Members failed to respond to that question. For 1980, there were 40 who failed to respond to that question, and for 1979 there were 34. Moreover, there were four Members of Congress who for 1981 refused to report assets of immediate family members and did not satisfy EIGA's statutory exemption standards (There were, similarly, 4 for 1979 and 2 for 1980. For 1978 -- the first year covered by EIGA -- there were 11 such Members.)

Our review of the filed reports also indicates that for the years 1978 through 1981 there were, respectively, 53, 42, 52 and 49 Members who did not complete at least one of the first seven sections of their EIGA reports. Will all these Members be found to have violated a House rule? Will all of them be disciplined?

This case concerns a single Congressman who unfortunately reported a blackmail threat to the Associate Attorney General and demanded that it be investigated promptly. The blackmailer was ultimately apprehended and found to have committed other crimes. But his offenses did not create headlines, so he was warned and sent on his way. The Justice Department then turned on the target of the blackmail and investigated him from all angles and in all ways. The prosecutors could find no "political corruption" whatever. So they charged the Congressman under a law that has never been enforced before and that cannot be uniformly enforced without subjecting a substantial part of the Congress to the risk of criminal imprisonment and fine.

The Congressman established at his trial -- probably far more cogently than most would be able to do -- that he relied on advice of counsel in completing his forms. Merely because a jury consisting heavily of present and former government employees has chosen to ignore that undisputed defense, the Congressman now risks discipline under the House's rules.

This result is not what Congress intended when it enacted the Ethics in Government Act. Indeed, as was argued to the District Court -- and as will be argued, if necessary, on appeal -- neither the Act nor its legislative history supports what the Justice Department has done in this case. Authority over the completeness and accuracy of EIGA reports was not intended to be left to federal prosecutors, who could thereby hold a sword over the heads of Members of Congress. The law does not prescribe a criminal sanction for false EIGA reports, and this Committee should make that legislative intention clear, while exonerating Congressman Hansen of any wrongdoing.

Respectfully submitted,

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STEPHEN L. BRAGA
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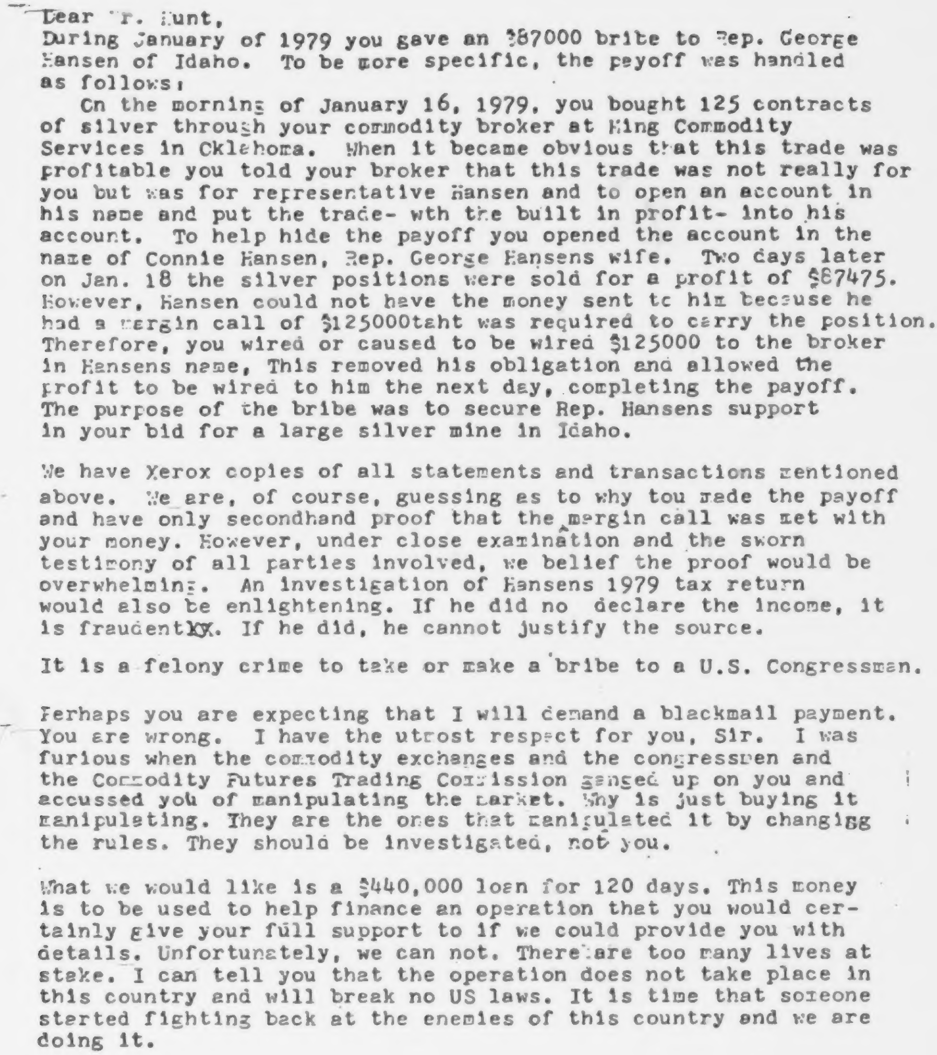
Counsel for Congressman Hansen

May 15, 1984



Dear Mr. Hunt,
During January of 1979 you gave an $87000 bribe to Rep. George Hansen of Idaho. To be more specific, the payoff was handled as follows:

On the morning of January 16, 1979, you bought 125 contracts of silver through your commodity broker at King Commodity Services in Oklahoma. When it became obvious that this trade was profitable you told your broker that this trade was not really for you but was for representative Hansen and to open an account in his name and put the trade- wth the built in profit- into his account. To help hide the payoff you opened the account in the name of Connie Hansen, Rep. George Hansens wife. Two days later on Jan. 18 the silver positions were sold for a profit of $87475. However, Hansen could not have the money sent to him because he had a margin call of $125000taht was required to carry the position. Therefore, you wired or caused to be wired $125000 to the broker in Hansens name, This removed his obligation and allowed the profit to be wired to him the next day, completing the payoff. The purpose of the bribe was to secure Rep. Hansens support in your bid for a large silver mine in Idaho.

We have Xerox copies of all statements and transactions mentioned above. We are, of course, guessing as to why tou made the payoff and have only secondhand proof that the margin call was met with your money. However, under close examination and the sworn testimony of all parties involved, we belief the proof would be overwhelming. An investigation of Hansens 1979 tax return would also be enlightening. If he did no declare the income, it is fraudentXX. If he did, he cannot justify the source.

It is a felony crime to take or make a bribe to a U.S. Congressman.

Perhaps you are expecting that I will demand a blackmail payment. You are wrong. I have the utmost respect for you, Sir. I was furious when the commodity exchanges and the congressmen and the Commodity Futures Trading Commission ganged up on you and accussed you of manipulating the market. Why is just buying it manipulating. They are the ones that manipulated it by changigg the rules. They should be investigated, not you.

What we would like is a $440,000 loan for 120 days. This money is to be used to help finance an operation that you would certainly give your full support to if we could provide you with details. Unfortunately, we can not. There are too many lives at stake. I can tell you that the operation does not take place in this country and will break no US laws. It is time that someone sterted fighting back at the enemies of this country and we are doing it.

To make the point clear, we are asking for a loan of $440,000. If we do not get it, we will give everything we have to the FBI. I am sincerly sorry to have to threaten you like that but many people are depending on us. I repeat, this is a loan. You will be paid back in 120 days. Your money is being used to p urchase one item necessary for the operation. The item will not actually go with us on the operation so even if we fail those ~~[illegible]~~ who remain behind have orders to sell the item and return your money.

You are to wire the money to our account in the Cayman Islands. The account is at the Cayman National Bank and Trust Company, LTD. Grand Cayman, Cayman Islands. The accoun t number is 60615. It is in the name of Gordon Warner. The Money must be there as soon as possible but no later than Thursday, April 9. If the money is not in place by April 9, we shall contact the FBI on April 10. That is the last thing in this world we wish to do.

Thank you.

P S You have our word of honor that everything we have relating to the payoff will be destroyed as soon as we receive the money.

15¢
OLIVER WENDELL HOLMES
15¢
OLIVER WENDELL HOLMES

Mr. Nelson Bunker Hunt
2500 First National Bank Building
Dallas, TX 75202

URGENT- MUST BE OPENED IMMEDIATELY

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

(Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments and gains (but not losses) on personal assets such as a home or jewelry.)

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040.)

1979
12

Name(s) as shown on Form 1040: GEORGE V. & CONNIE S. HANSEN

Your social security number: 519 28 4146

Note: Columns f and g are not the same as last year. Most other lines have also been changed.

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

a. Kind of property and description (Example, 100 shares 7% preferred of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis, as adjusted (see instructions page 20)	f. LOSS If column (e) is more than (d) subtract (d) from (e)	g. GAIN If column (d) is more than (e) subtract (e) from (d)
1 COMMODITY CONTRACTS			212,475	125,000		87,475

2 Enter your share of net short-term gain or (loss) from transactions entered into by partnerships and fiduciaries after 10/31/78	2			
3 Add lines 1 and 2 in column f and column g	3			87,475
4 Combine line 3, column f and line 3, column g and enter the net gain or (loss)			4	87,475
5 Short-term capital loss carryover from years beginning after 1969 . . . . (1) .			5	(28,855)
Note: If there is an entry on this line and line 7 or 19, see instructions for lines 7 and 19.				
6 Net gain or (loss), combine lines 4 and 5			6	58,620
7 Enter your share of net short term gain or (loss) from transactions entered into by partnerships and fiduciaries before 11/1/78			7	
8 Net short term gain or (loss) combine lines 6 and 7			8	58,620

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

9 SALE OF RESIDENCE — SEE			FORM 2119			
(1) SHORT-TERM CAPITAL LOSS CARRYOVER:						
1977	LOSS		33,855			
USED	1977		<2,000>			
USED	1978		<3,000>			
AVAILABLE 1979			28,855			

10 Enter your share of net long term gain or (loss) from transactions entered into by partnerships and fiduciaries after 10/31/78	10			
11 Add lines 9 and 10 in column f and column g	11			
12 Combine line 11, column f and line 11, column g and enter the net gain or (loss)			12	
13 Capital gain distributions from transactions entered into after 10/31/78			13	
14 Enter gain, if applicable, from Form 4797, line 6(a)(1) from transactions entered into after 10/31/78 .			14	
15 Enter your share of net long term gain from transactions entered into by small business corporations (Subchapter S) after 10/31/78			15	
16 Combine lines 12 through 15			16	
17 Long term capital loss carryover from years beginning after 1969			17	( )
Note: If there is an entry on this line and line 7 or 19, see instructions for lines 7 and 19.				
18 Net gain or (loss), combine lines 16 and 17			18	
19 Enter your share of capital gain distributions and net long term gain or (loss) from transactions entered into by partnerships, fiduciaries, small business corporations, real estate investment trusts, and regulated investment companies before 11/1/78			19	
20 Net long term gain or (loss), combine lines 18 and 19			20	

Note: If you have capital loss carryovers from years beginning before 1970, do not complete Parts III or V. See Form 4798 instead.

BRIEFING BOOK EX. 2

BRIEFING BOOK EX. 3

LAW OFFICES OF
SHANK, IRWIN, CONANT, WILLIAMSON & GREVELLE
INTEROFFICE MEMORANDUM

Date April 7, 1981

Attention Mrs. Hansen Silver Matter File

From Ivan Irwin, Jr.

Re:

On April 6, I met with Congressman Hansen, Mrs. Hansen, John Runft from Boise Idaho, and James McKenna, Staff Counsel. I was furnished with some documents by Mrs. Hansen's counsel (Mr. Runft) concerning the opening of her account at Ming, the trading information, the letter and response in connection with the House Ethics Committee. Mrs. Hansen was not real sure of exactly how the silver trading had been done. She knew that Bunker had arranged for her to contact Ming and had recommended him as a broker and may have discussed some timing and the placing of orders in connection with the silver contracts. All counsel agreed that the complete facts should be obtained in connection with the note at First National Bank, and Tom Whitaker began supplying information to me over the course of several phone calls in connection with the entire chronology. It turned out that Bunker had also made an interest payment of approximately $3,100 plus the principal and interest which had been paid off. Before this information was complete, we went to the Department of Justice and met with Rudolf Giuliani and Ken Caruso. I was advised that Giuliani was the Associate Attorney General designate, and was in charge of the criminal section of the Department of Justice. His address was given to me as Suite 4119, United States Department of Justice, 10th and Constitution, Washington, D.C. 20530. There was a general review of the facts relating to the receipt of the letter and what had been done with it. Giuliani said that he was not particularly interested in the facts asserted because he assumed that they were untrue or we would not be there, but was interested in any ideas that we might have on who was responsible for the mailing of the letter which he said was clearly mail extortion. I gave to Giuliani the cases we had come up with and the statutes. *U.S. v. Lance*, 536 F.2d 1065; *U.S. v. Santoni*, 585 F.2d 667, *cert. denied*, 99 S.Ct. 1221 and *U.S. v. Von Der Linden*, 561 F.2d 1340. Also, copies of 18 U.S.C. §§873, 876 and 1951.

Congressman Hansen made a fairly complete explanation, supported by John Runft, of the IRS matters, some OCEA matters, and so forth involving Wayne Hayes. He advised that there was no present political issue on the floor before any of his committees.

Giuliani said that he would get a number two man or number three man from Director Webster's office and have them over to Congressman Hansen's office in the afternoon and that the matter would be kept very confidential in view of the sensitive nature of the situation.

In the middle of the afternoon, a call came in from someone who identified himself as John Heieck, who said he was with the FBI and wanted to interview Bunker Hunt, the Hansens and the attorneys. He then said he could not get to it for some time and wanted to talk to me about who I thought was responsible. I declined to do this on the telephone and without identification. Congressman Hansen called Caruso and complained about the amateurish manner in which the thing was being handled. We were then told that some other FBI agents would be there later in the afternoon.

At about 5:20, a Tom Hoy and Tim Trailer showed up and conducted interviews of at least some of the people. I was interviewed first and left to return to Dallas. Hoy and Trailer wanted to know if N. B. Hunt, Tom Whitaker and Cecil Casterline would be available for interviews and I said they would and they said they would be sending some Dallas agent over for those interviews. I said I really would prefer that this matter was kept within the Washington office and the investigating team kept to a minimum in light of the confidentiality assurances we had received from Giuliani. Hoy and Trailer were amenable to the idea that they would come to Dallas to continue the interviews but said they did not call the shots, they would have to get approval.

Ivan Irwin, Jr.

FD-302 (REV 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

BRIEFING BOOK EX. 4

Date of transcription 4/13/81

On April 7, 1981, at approximately 5:00 p.m., U. S. Congressman GEORGE HANSEN telephonically contacted SA TIMOTHY E. TRAYLOR. HANSEN furnished the following:

Since the FBI interview of him and his wife was conducted in the a.m. hours of April 7, 1981, he has been thinking a lot about attempt to extort money from HUNT. After reading the extortion letter over carefully, HANSEN felt that the clock is ticking towards the deadline and apparently the writers of the letter are under pressure to accomplish their mission. HANSEN said there was the possibility that if the extortion demand was not satisfied, they might follow up with violence and retaliation against a U. S. Congressman was also possible.

HANSEN noted that the Grand Cayman was in the vicinity of Cuba, Nicaragua, and El Savador. Because certain excerpts from the extortion letter indicated the money was to be used to finance an operation outside the U. S., the possibility of exiled Cuban, Nicaraguan or El Savadorian groups based in the U. S. and fighting for the overthrow of their government regimes was conceivable. HANSEN suggested that the State Department or the CIA should be notified of the existence of such a letter.

At this point, SA TRAYLOR reminded HANSEN that the FBI could not insure the confidentiality or discreetness of the investigation should the State Department or CIA be notified of the letter. HANSEN agreed and reiterated his desire not to interfere with the FBI's investigation.

SA TRAYLOR concluded the telephone conversation by offering to discuss HANSEN's proposition with his superiors and thereafter recontact him with a proper decision.

Investigation on 4/7/81 at Washington, D. C. File # WFO 98-4595 -5

by SA TIMOTHY E. TRAYLOR:kio Date dictated 4/9/81

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/23/81

On April 7, 1981, U. S. Congressman GEORGE VERNON HANSEN, 2nd District of Idaho, was interviewed in his office, 1125 Longworth Building, Washington, D. C. (WDC), by Special Agents (SAS) TIMOTHY E. TRAYLOR and THOMAS S. HOY. Congressman HANSEN furnished the following information:

On March 31, 1981, he received a telephone call from NELSON BUNKER HUNT and IVAN IRWIN, HUNT's attorney. HUNT informed HANSEN that he had received a letter, however, he, HUNT, did not want to discuss its contents over the telephone. Therefore, arrangements were made for IRWIN to travel to Washington, D. C. (WDC) on April 1, 1981, and discuss the letter personally with HANSEN.

HANSEN advised that on April 1, 1981, as planned, IRWIN came to his office and briefed him and his wife, CONNIE HANSEN, on the letter. IRWIN did not bring the letter to WDC, HANSEN recalled. He told IRWIN that based on his knowledge of it, the matter should be referred to the proper authorities. During the meeting, IRWIN told HANSEN that upon return to Dallas, Texas, he would make a copy of the letter and send it to HANSEN. HANSEN stated that on April 2, 1981, he called IRWIN in Dallas, Texas, to determine if the letter had yet been mailed. HANSEN advised that he received a copy of the letter via federal express on April 3, 1981.

After reviewing the letter, HANSEN decided that authorities must be informed because in his opinion a criminal act of extortion through the mail had occurred. HANSEN was also concerned that international forces could possibly be perpetrators of the extortion letter.

DL 9A-3800

Investigation on 4/7/81 at Washington, D. C. File # WFO 9B-4595 -12A

by SAS TIMOTHY E. TRAYLOR and THOMAS S. HOY:kio Date dictated 4/10/81

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After reviewing the letter, HANSEN called his attorney JOHN HUNT in Boise, Idaho, and cryptically discussed the extortion letter with him. He requested that HUNT make arrangements to come to WDC on April 6, 1981. Thereafter, HANSEN discussed the letter with [illegible] JAMES T. MC KENNA, Staff Attorney, because he was privy to certain information set forth in the extortion letter. HANSEN called the Department of Justice (DOJ) and arranged for a meeting on April 6, 1981. Thereafter, he called HUNT and requested that IRWIN return to WDC with the original letter to attend the DOJ meeting scheduled for April 6, 1981. [illegible]

On April 6, 1981, HANSEN, HUNT, IRWIN and MC KENNA met with RUDOLPH GUILIANI, Associate Attorney General Designate and his assistant KEN CARUSO at DOJ. HANSEN stated that the original extortion letter and envelope had previously been sealed in plastic and that he, IRWIN, had made only one copy which had been provided to HANSEN. During the meeting, the original letter was turned over to possession of GUILIANI. [illegible]

HANSEN advised that former Congressman WAYNE HAYS at one time was Chairman of the Campaign Committee for Democrats. In 1974, HAYS was attempting to prove that the Federal Election Commission (FEC) was unnecessary. HAYS became aware of some late campaign reports from HANSEN and pressured DOJ to investigate him. He continued that the FEC began an investigation into the matter in 1974 which culminated in April, 1975. HANSEN indicated that he was charged with several misdemeanors surrounding the FEC investigation, but since that time has received an exoneration from the FEC. Because of litigation involving this investigation, HANSEN incurred a legal debt amounting to hundreds of thousands of dollars. At this point, HANSEN advised that he did not feel WAYNE HAYS was involved in the extortion, adding "I don't think old personalities would be involved. It appears the person involved knew little about the HANSEN side of things."

HANSEN stated that to help alleviate their tremendous legal debt, he and his wife CONNIE divided their property in order to permit her to raise funds. 7 He noted that approximately $100,000 was raised through mail conscriptions. CONNIE HANSEN then decided to invest in commodities in order to raise money toward the legal debt. [illegible] also denied that HUNT transferred $1[illegible] [illegible]

Regarding NELSON BUNKER HUNT, HANSEN said that he, HUNT, has never given a dime to anyone for anything in Idaho, and that he certainly has never approached him for any favors. HANSEN advised that he became acquainted with HUNT at meetings. CONNIE HANSEN also became friends with HUNT at the same meetings and apparently they began to discuss investments. - 7 HANSEN recalled his wife asking him one day to speak with LES MING, stock broker, who was on the telephone. MING informed HANSEN that the silver market was rising and was a good investment. HANSEN said that on one other occasion he spoke with MING about the amount of money required to pay the margin call for the silver investment CONNIE had arranged through MING. HANSEN telephonically contacted RICHARD GARVIN, Vice President of First Security Bank, Pocatello, Idaho, and arranged to borrow $125,000 needed to meet the margin call. HANSEN believed that he provided MING's name to GARVIN during their conversation and that GARVIN consented to check out the proposed silver transaction. At HANSEN's request, GARVIN wired $125,000 to Continental Illinois National Bank, Chicago, Illinois, to Cargill Investor Services general bank account number 72-05-201 and then transferred into his wife's Cargill account number 32-32-008.

HANSEN advised that he is well acquainted with GARVIN and judged him to be a very responsible and professional individual. HANSEN further advised that he did not send GARVIN any documents relating to the silver transaction. According to HANSEN, the only individuals outside he and his wife cognizant of the silver transaction were LES MING, RICHARD GARVIN, STEVE SWANSON, HANSEN's CPA in Boise, Idaho, and JOHN RUNFT.

WFO 9B-4595

4 [illegible] 7, 1981, U. S. [illegible]
[illegible]

[illegible] HANSEN opined that it appears whoever wrote the extortion letter apparently knew little about him or his wife. [illegible] furnished the [illegible]

Regarding the extortion letter, HANSEN denied any bribery ever occurring between HUNT and himself. He also denied that HUNT transferred $125,000 to the stock broker in HANSEN's name as alleged in the letter. HANSEN said that the wire transfer of funds went from the First National Bank in Pocatello, Idaho, to Cargill Investors, Chicago, Illinois, and back and that no third party was involved.

HUNT labeled as "preposterous" the statement in the extortion letter that the purpose of the bribe was to secure his support in HUNT's bid for a silver mine in Idaho. According to HANSEN, the silver mine owned by HUNT was not located in his district. Furthermore, HUNT acquired the silver mine before his wife purchased the silver.

HUNT concluded that he did in fact declare the profit derived from the silver investment on his 1979 tax return.

FD-302 (REV. 3-8-77)

BRIEFING BOOK EX. 5

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/29/81

GEORGE VERNON HANSEN, United States Congressman (Second District-Idaho), 1125 Longworth Building, Washington, D. C. (WDC), was interviewed at his business office. Also present was JAMES MC KENNA, HANSEN's attorney. HANSEN provided the following information:

HANSEN advised that NELSON BUNKER HUNT had absolutely no influence, financial or otherwise, or any connection with the $125,000 loan he obtained from the First Security Bank, Pocatello, Idaho, in January, 1979, to pay a margin call on his wife's silver investments.

Special Agent (SA) HOY asked HANSEN why he negatively answered Section I (B), Section III, and Section V of his Financial Disclosure Statement for 1979 when he knew that his wife had purchased one hundred twenty-five silver futures contracts in January, 1979, which were subsequently liquidated for a net profit of $87,475. HANSEN advised he had discussed this matter at length with his attorneys JAMES MC KENNA and JOHN RUNFT. A consensus was reached among them that because of the Division of Property which he and his wife had obtained in the State of Idaho at least one year prior to his wife's silver contract purchases, any transactions solely entered into by his wife are not subject to disclosure in the Financial Disclosure Statements.

SA HOY asked HANSEN why he answered Section IV of his Financial Disclosure Statement for 1979 showing a Category C ($15,001-$50,000) for the First Security Bank when he has already admitted obtaining a $125,000 loan from that bank in January, 1979, to pay his wife's margin call. HANSEN advised he did not disclose the $125,000 loan for two reasons. Firstly, the loan was obtained on his wife's behalf. Secondly, the loan was actually more an overdraft than an actual loan. There was no written loan agreement and the transaction was consumated so rapidly that it was really usage of a line of credit more than an actual loan.

Investigation on 9/24/81 at Washington, D. C. File # WFO 58-1879

by SAS THOMAS S. HOY and ROBERT J. KIRWAN, JR. TSH:kic Date dictated 9/28/81

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U.S. Department of Justice

BRIEFING BOOK EX. 6

RHW:mer

Washington, D.C. 20530

James L. Lyons, Esq.
Kellogg, Williams & Lyons
1919 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Dear Mr. Lyons:

I am writing to confirm the following agreement that has been reached between the government and your client, Arthur G. Emens, III:

1. Mr. Emens shall plead guilty in the District of Columbia to the information that was filed in the Northern District of Texas and with which he stands charged (one count of Blackmail, 18 U.S.C. § 873, carrying with it a maximum penalty of one-year imprisonment and a fine of not more than $2,000) and thereafter cooperate with the government as follows:

    a. Subsequent to his guilty plea, Mr. Emens shall submit to a complete debriefing with government agents in which Mr. Emens will respond fully and truthfully to all inquiries by the agents;

    b. Mr. Emens shall testify fully and truthfully in the grand jury in the District of Columbia as to all matters within his knowledge and relevant to the ongoing grand jury investigation; and

    c. Mr. Emens shall testify fully and truthfully at any and all criminal proceedings that may arise from the ongoing grand jury investigation.

2. In return for this consideration by Mr. Emens, the government shall:

a. stand mute at sentencing;

b. not prosecute Mr. Emens for any other United States Code violation in connection with any and all activities of Mr. Emens now known to the United States Department of Justice, except as provided below.

It is understood by Mr. Emens that nothing in this agreement shall be construed to protect him from a perjury prosecution should he testify falsely under oath on any occasion subsequent to this agreement. Likewise, nothing in this agreement protects Mr. Emens from prosecution for (1) criminal acts that he may commit in the future or (2) criminal acts that he has committed in the past that are not covered by this agreement, including prosecution for criminal tax violations.

There are no other promises, undertakings or understandings between Mr. Emens and the government that relate to this plea agreement.

United States District Court
for the District of Columbia
A TRUE COPY

JAMES F. DAVEY, CLERK

By Ann Sielaty
Deputy Clerk

Sincerely,

Reid H. Weingarten

Reid H. Weingarten, Attorney
Public Integrity Section
Criminal Division

I have read this agreement and carefully reviewed every part of it with my attorney. I understand it and I voluntarily agree to it.

Arthur G. Emens III

ARTHUR G. EMENS, III

5.27.82

DATE

I am Mr. Emens' attorney. I have carefully reviewed every part of this agreement with him. To my knowledge, his decision to enter into this agreement is an informed and voluntary one.

By: James L. Lyons

JAMES L. LYONS

5-27-82

DATE

U.S. Department of Justice

BRIEFING BOOK EX. 7

RHW:mer

Washington, D.C. 20530

James L. Lyons, Esq.
Kellogg, Williams & Lyons
1919 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Re: United States v. Arthur G. Emens, III

Dear Mr. Lyons:

Because of your representation that your client Arthur G. Emens, III will file amended tax returns reflecting all of his commodities trading at Ming Commodity Services, this office will discontinue its investigation into Mr. Emens' commodities trading at this time. You understand, of course, that the plea agreement between the government and Mr. Emens does not affect any right of the United States to proceed against Mr. Emens either criminally or civilly for tax violations.

Sincerely,

Reid H. Weingarten

Reid H. Weingarten, Attorney
Public Integrity Section
Criminal Division

United States District Cou
for the District of Columbi
A TRUE COPY

JAMES F. DAVEY, CLERK

By Ann Sielaty

BRIEFING BOOK EX. 8

United States District Court

the District of Columbia

DEFENDANT Arthur G. Evens III

DOCKET NO. 82-0269[illegible]-01(CR)

[illegible] PROBATION/COMMITMENT [illegible] ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date → MONTH July DAY 26 YEAR 1982

☐ WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

XX WITH COUNSEL James L. Lyons (Name of counsel)

PLEA

XX GUILTY, and the court being satisfied that there is a factual basis for the plea, ☐ NOLO CONTENDERE, ☐ NOT GUILTY

FINDING & JUDGMENT

There being a finding/verdict of ☐ NOT GUILTY. Defendant is discharged

XX GUILTY.

Defendant has been convicted as charged of the offense(s) of

18 USC 873-Blackmail

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of

IT IS ADJUDGED that the defendant is hereby committed to the custody of the Attorney General or his authorized representative for a period of one(1) year; a fine in the amount of $2,000.00 is imposed. The execution of both are suspended and the defendant is placed on probation for a period of three(3) years upon the following terms and conditions:

SPECIAL CONDITIONS OF PROBATION

1. That he obey all local, state, and federal law;
2. That he comply with the rules and regulations of the probation department;
3. That he contribute seventy-five(75) hours to a community service program during the first year of the probationary period;
4. That he continue in therapy for as long as necessary;
5. That he make no attempt to contact any member of the Hunt family or conglomerate, or any member of Congress except through counsel.

Tape IL61-82; 221-633.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

[illegible] commitment to the [illegible] recommends,

United States District Court for the District of Columbia

A TRUE COPY

JAMES F. DAVEY, CLERK

By Ann Sielaty

Deputy Clerk

SIGNED BY

☐ U.S. District Judge

XX U.S. Magistrate

Jean F. Dwyer

Jean F. Dwyer

Date July 27, 1982

ORIGINAL

UNITED STATES DEPARTMENT OF JUSTICE

BRIEFING BOOK EX. 9

INTERVIEW OF

GEORGE VERNON HANSEN
and
CONNIE CAMP HANSEN

Thursday, June 17, 1982

Longworth House Office Building
Room 1625
Washington, D.C.

PRESENT:

REID H. WEINGARTEN, ESQ.,
JAMES M. COLE, ESQ.,
Special Attorneys
United States Department of Justice

THOMAS HOY, AGENT
Federal Bureau of Investigation

JAMES McKENNA, ESQ.,
Staff Assistant
To Representative George Vernon Hansen

American Reporting Services, Inc.
(202) 393-5181

PROCEEDINGS

MR. WEINGARTEN: It is June 17th, 11:00 a.m. Here present are Congressman George Hansen of Idaho Falls, at 1125 Longworth. Present here, Reid Weingarten, Department of Justice; Jim Cole, Department of Justice; Tom Hoy, F.B.I.; Congressman Hansen, Mrs. Hansen and Mr. McKenna, who is, I understand, on the staff of Congressman Hansen. He is also representing Congressman Hansen for this purpose.

We are here pursuant to a request by the Department of Justice to conduct interviews with the hope that they would advance the investigation that began when Congressman Hansen and an attorney for Nelson Bunker Hunt brought a blackmail letter to the Department of Justice on April 6, 1981.

For your edification, pursuant to you bringing that letter, of course, we began an investigation into the blackmail. It took longer than we had hoped. There were some complications. There was work done in the Grand Jury, and there was some looking at records overseas, but as you must know by now, a month ago, or last month an individual named Arthur Emens pled guilty to blackmail in the District of Columbia, and will be sentenced next month.

Obviously, you've seen the letter. The letter contains an allegation that there was wrong-doing between you and Nelson Bunker Hunt, and we are duty bound, of course, to follow up on that once we have completed the blackmail investigation.

That is what we are doing. We concluded that. Perhaps it's best now if we deal with you directly and hear what you have to say about this particular transaction.

So with that, I think we're ready to begin, unless you have any questions you would like to ask of us.

CONGRESSMAN HANSEN: I think that's fine.

MR. WEINGARTEN: One of the things that would help us is to be able to reconstruct as best we can precisely what happened in January of '79. As you've stated, memories cloud over the years. In the end, if in fact you have available telephone records from your office and from your home back in January of '79 and even December of '78, they would be most helpful. In addition, I don't know if you keep your sign-in sheets back in December of '78 and January of '79, but they would be helpful as well. Now, this would be purely voluntary. I should say that whatever decision you make, we have available to us the subpoena route, and I'm sure you're familiar with the subpoena route of the House, and we in fact issued a subpoena prior to you volunteering to have this interview. Now, we will put that on hold, and it is our preference that it is voluntary compliance, but I will leave that with you, and perhaps at the end of the interview we can discuss this further.

We know that Mr. Hunt received the blackmail letter on Tuesday, March 31, 1981, and we know that you and Ivan Erwin, and I guess Mr. McKenna came too, brought it to the

Assistant Attorney General
Criminal Division

EXHIBIT B
ATTACHMENT TO MEMORANDUM

Department of Justice
Washington 20530

JAN 10 1975

FILED
APR 24 1975
JAMES F. DAVEY, Clerk

Honorable Wayne L. Hays
Chairman, Committee On House
Administration
Suite H-326, U.S. Capitol
Washington, D.C.

BRIEFING BOOK EX 10

Dear Mr. Chairman:

Reference is made to your letters of August 21, 1974, and September 23, 1974, in connection with the referral to the Attorney General by the Clerk of the House of Representatives on August 20, 1974, of the matter concerning Congressman-Elect George V. Hansen.

As you know, the several areas of possible violations reported by the Clerk of the House have been the subject of extensive investigation and evaluation by this Department. Our review of this matter is substantially completed. This status report is being made at this time in view of the continuing interest expressed by your Committee in this investigation.

On the basis of the known information in this matter, it is anticipated that prosecution will be declined on all aspects of the investigation except one or more possible misdemeanor violations of Title III of the Federal Election Campaign Act of 1971, which would involve the manner in which the candidate's reports were filed. Our final prosecutive evaluation of these reporting and disclosure violations is now in progress. For your information, it is not presently anticipated that the remaining investigation will alter the tentative views expressed herein.

Sincerely,

John C. Keeney

JOHN C. KEENEY
Acting Assistant Attorney General

CC: Honorable William Dickinson

Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Vol. 121 WASHINGTON, FRIDAY, SEPTEMBER 5, 1975 No. 129

House of Representatives

BRIEFING BOOK EX. //

INVESTIGATION PROVES GEORGE HANSEN HONESTY

The SPEAKER pro tempore (Mr. McFALL). Under the previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. CRANE. Mr. Speaker, in any controversy, especially where partisan politics are involved, speculation often obscures the truth. To set the record straight publicly regarding my colleague GEORGE HANSEN's 1974 primary election campaign finance problems in the Second Congressional District of Idaho, I submit the following pertinent extracts from the official transcript of his final appearance in the U.S. District Court for the District of Columbia of Friday, April 25, 1975. Presiding was the Honorable George L. Hart, chief judge, and appearing for GEORGE HANSEN was his Washington, D.C., attorney, Robert S. Bennett.

After some legal discussion and reexamination of information, the court in dialog with Mr. Bennett stated:

I can't conceive that the Government would have brought this case if that's all that was involved in it.

Mr. BENNETT. Well, Your Honor, let me respond to that in a couple of ways.

Your Honor, I think it is important for you to know that Congressman Hansen kept very careful receipts, and very careful records, all of which were made available to the Government.

At this point in time there is no question that monies have been accounted for, and there has been no finding of siphoning off, no finding of improper use, no finding that these monies were improperly used in any manner or fashion.

Now, Your Honor, Congressman Hansen made a mistake.

He should have said he received the funds at least to the first count, Your Honor, but these funds were reported by the committee.

He didn't report twice. He should have reported as to the first count that he received them, but he considered himself and the committee in a sense, to be one and the same.

Now I ask you this, Judge: If a man is going to try to commit illegal activity, which this statute tries to prevent, he's going to set up dummy committees, he's going to have committees that are not readily identifiable.

George Hansen reported all monies involved through the committee for Hansen, a readily identifiable committee. I mean it is inconceivable that any wrongdoing was attempted to be concealed by using your very name to report these funds, funds which were reported, Judge, prior to the election, prior to the primary, prior to any investigation.

After further statement of fact, Mr. Bennett concluded by saying:

Congressman Hansen was spending his own money to finance this election. Congressman Hansen did not have the luxury, if Your Honor please, of having a large staff with an accountant working full time on these things. He was running as a non-incumbent with his wife and with his children, and he made mistakes, but we're saying they are not the kinds of mistakes that he should go to jail for.

After some additional dialog, the Court then stated:

I must say that when this case came along, it seemed to me a proper case to try by deterrents to stop some of the things that had been going on. Now, if I have used the improper technique to do this, then I will reconsider the matter.

I can't conceive that if all that was done in this case was simply to make a mistake between reporting properly personally and reporting properly by committee, and that it was properly reported in all, that the Government would have brought the case. I just can't conceive it.

Mr. BENNETT. May I make one observation in that regard, Your Honor, and it is this: The Department of Justice, now the Department of Justice—and Your Honor knows this better than any of us—must react and act when something is reported to them.

Again we have no fault with the Department of Justice. I think one reason, Your Honor, in response to your question, why many persons are not before you, is because many alleged violations are not reported to the Justice Department. For example, Your Honor, the other four candidates in Idaho had no complaint made against them.

The COURT. According to the Justice Department, they have been in all the newspapers they can read.

Mr. BENNETT. Your Honor, I would like to point out one simple fact, Your Honor. You hate to get into the motivations of people, but Justice has to act when something is brought to their attention. And the man that Congressman Hansen defeated in the primary, a Mr. Orville Hansen, who was no relation to him, it was his very committee, Your Honor, that reported this matter to the Justice Department.

That is a fact which I think is more than coincidental.

Also, Your Honor, I would point out a letter from the acting Attorney General, Mr. Keeney, who told Mr. Hayes, Congressman Hayes, in reference to your letters of—citing a number of dates—we have thoroughly—I am paraphrasing, Your Honor, and I want that understood, but you have the letter, I have attached it as an exhibit—that after an exhaustive investigation that there were no felonies found, and that there was only one or more possible misdemeanors violations; and the Government has stuck with their position.

That was not the result of plea bargaining, that was not the result of what we have seen in some recent cases where someone comes in and the Justice Department says, well, we can get you on 20 counts, so you cop out to one or two misdemeanors.

What's before Your Honor right now is what is the end product of a very exhaustive investigation.

Now, Your Honor, I appreciate the importance of deterrents, Your Honor. And I can assure you, Your Honor, from my involvement in this case, I bet you the day after you rendered your sentence every Congressman and every Senator pulled out his own reports and pulled out his own forms; and I think there is a deterrence.

Following further discussion between the Court, Mr. Bennett, and the attorney representing the Department of Justice, the Court asked:

Mr. Hansen, is there anything you wish to say?

Mr. HANSEN. Your Honor, I appreciate this opportunity to reappear before you.

I would state this, that I guess in this country I've always felt that this was a place where little people could work, they could operate.

Maybe we were too freewheeling. We should have sought counsel. We should have sought professional advice. I can see these things now.

It is very difficult for a man to be the candidate and the professional bookkeeper, and the newsman and all of the number of things that happen in a major candidacy, and I regret very much that I didn't take proper steps and that I perhaps was not careful.

I do feel that I, in many cases, performed these tasks and did these things with proper intent, not with the intent to deceive. But I can see where, as we have gone through this, that certainly it could create much anticipation and problem, and I'm very humble, very concerned about this, and I apologize very much to everyone concerned, that anything that I may have done may have become a problem of major proportion, because this was certainly not intended to be the case, Your Honor. And I apologize.

I am very humble about this matter, and I put myself at your mercy.

The COURT. All right.

It now appears to the Court insofar as it is possible for the Court to ascertain, that while Mr. Hansen handled his funds negligently, he didn't handle them in a fashion that could be deemed to be evil or felonious.

Insofar as the Court can ascertain, although the wrong named committee made the report of the receipts and expenditures, that a correct reporting of the receipts and expenditures was made. And there seems to be no indication that any of the money for campaign contributions went into Mr. Hansen's pocket.

For that reason, the Court will set aside its previous sentence in this case, and it will fine Mr. Hansen $1,000 on each count.

Mr. Speaker, three things come through loud and clear from the court's final deliberations:

(1) It seemed to me (the Court) a proper case to try by deterrents to stop some of the things that have been going on (in federal elections). Now, if I have used the improper technique to do this, then I will reconsider the matter.

(2) I can't conceive that if all that was done in this case was simply to make a mistake between reporting properly personally and reporting properly by committee, and that it was properly reported in all, that the government would have brought the case.

(3) Insofar as the Court can ascertain, although the wrong named committee made the report of receipts and expenditures, that a correct reporting of receipts and expenditures was made.

Simply stated, the court admitted its own "improper technique," expressed amazement that the case was even considered, and acknowledged that a correct reporting of receipts and expenditures was made. The integrity of GEORGE HANSEN is intact.

BRIEFING BOOK EX. 12

$200 cash deposit. Monday, May 30, was a holiday.

Our reading of the record persuades us that agent Horn deliberately delayed arresting Jernigan until a time when, as he well knew, Jernigan would not be able to go before a magistrate, have bail reset, and be released. We deplore this kind of behavior, and its repetition may lead us to invoke the drastic remedy, dismissal of the indictment, that Jernigan asks us to invoke.

The magistrate who heard the motion to dismiss made no finding as to whether Horn deliberately timed the arrest to assure that Jernigan would spend three days in jail. He concluded that the delay was not unreasonable, a conclusion that we have some difficulty in accepting. He also found that no statements were made by Jernigan during the delay that could be used against him. Jernigan points to no prejudice other than the fact that he spent three days in jail. We think that to vacate Jernigan's conviction and dismiss the indictment would be too drastic a remedy in this case and we decline to invoke it.

Affirmed.

George V. HANSEN and Connie Hansen,
husband and wife,
Plaintiffs-Appellants,

v.

Melvin MORGAN and Nate Morgan
Jewelers of Pocatello, Inc., an Idaho
Corporation, Defendants-Appellees.

No. 76-1636.

United States Court of Appeals,
Ninth Circuit.

Aug. 18, 1978.

As Amended on Denial of Rehearing
Sept. 27, 1978.

Political candidate brought Fair Credit Reporting Act action against persons who had obtained a credit report on the candidate at the behest of one of his opponents. The United States District Court for the District of Idaho, Russell E. Smith, Chief Judge, 405 F.Supp. 1318, granted summary judgment in favor of defendants and political candidate appealed. The Court of Appeals, James M. Carter, Circuit Judge, held that: (1) provision of the Fair Credit Reporting Act imposing criminal liability on persons who obtain reports under false pretenses can provide a basis for imposing civil liability on one who violates it; (2) the report in question was a "consumer report," and (3) if the report had been obtained in the manner alleged by the political candidate, it had been obtained under false pretenses.

Reversed and remanded.

1. Federal Courts 🔑617

Where complaint alleged that defendants had violated specific subdivisions of a statute and "other related" sections of the statute and where they argued to the court below the factors relevant to the application of one of those other sections, the court on appeal could consider the allegations of violations of that other section even though that section was not listed specifically in the complaint as a basis for recovery.

2. Federal Courts 🔑611

Generally, a federal appellate court will not consider an issue not presented below.

3. Federal Courts 🔑755

Where the facts were fully developed in the trial court and where the sole question presented by allegation that there had been a violation of a specific statute was one of law, the reviewing court could consider that claim even if it had not been presented to the district court.

4. Mercantile Agencies 🔑1

Report obtained by merchant, allegedly for political purposes, from a credit bureau which supplied the report in the expectation that the merchant would use it for purposes consistent with the bureau's form membership contract and consistent with the Fair Credit Reporting Act was a "consumer report" for purposes of the Act. Fair Credit Reporting Act, § 603(d), 15 U.S.C.A. § 1681a(d).

See publication Words and Phrases for other judicial constructions and definitions.

5. Mercantile Agencies ⇐3

Provision of the Fair Credit Reporting Act imposing criminal penalties on one who obtains a consumer report under false pretenses falls within the category of a "requirement imposed under this subchapter" for purposes of statute imposing civil liability on persons who wilfully or negligently fail to comply with the requirements of the Act. Fair Credit Reporting Act, §§ 616, 617, 619, 15 U.S.C.A. §§ 1681n, 1681o, 1681q.

6. Mercantile Agencies ⇐1

Standard for determining when a consumer report has been obtained under "false pretenses" will usually be defined in relation to the permissible purposes of consumer reports; obtaining a consumer report in violation of the terms of the Fair Credit Reporting Act without disclosing the impermissible purpose for which report is desired can constitute obtaining consumer information under false pretenses. Fair Credit Reporting Act, § 619, 15 U.S.C.A. § 1681q.

See publication Words and Phrases for other judicial constructions and definitions.

7. Mercantile Agencies ⇐3

Persons who obtained a consumer report on a political candidate allegedly not for the purpose of extending credit but rather for political purposes to assist a congressional committee could not avoid liability to the candidate for obtaining the consumer report under false pretenses on theory that the report had been obtained to evaluate the candidate's fitness for employment as a public official and thus that the report had been obtained for an "employment purpose." Fair Credit Reporting Act, § 604(3)(B), 15 U.S.C.A. § 1681b(3)(B).

See publication Words and Phrases for other judicial constructions and definitions.

8. Mercantile Agencies ⇐1

Provision of the Fair Credit Reporting Act imposing criminal liability on one who obtains a consumer report under false pretenses was intended to protect consumers as well as consumer reporting agencies. Fair Credit Reporting Act, § 619, 15 U.S.C.A. § 1681q.

John L. Runft (argued), of Runft & Longeteig, Boise, Idaho, for plaintiffs-appellants.

William D. Olson (argued), of Racine, Huntley & Olson, Pocatello, Idaho, for defendants-appellees.

Appeal from the United States District Court for the District of Idaho.

Before CARTER and TANG, Circuit Judges, and KUNZIG,* Judge of the United States Court of Claims.

JAMES M. CARTER, Circuit Judge:

This is an appeal from the district court's grant of summary judgment dismissing appellants' suit for invasion of privacy brought under the Fair Credit Reporting Act (FCRA), 15 U.S.C. §§ 1681 *et seq.* Appellees Melvin Morgan and Nate Morgan Jewelers of Pocatello, Inc. (hereafter sometimes referred to as "the Morgans") obtained a consumer credit report on appellants George and Connie Hansen for a purpose allegedly not permitted by the FCRA. The Hansens filed suit contending the act imposes a requirement on users of consumer credit reports to comply with provisions of the FCRA restricting the purposes for which consumer reports can be furnished and that the act provides a civil remedy for failure of the user to comply. The district court ruled that the requirements relied upon by the Hansens apply only to consumer reporting agencies and that none of the requirements imposed on users of credit reports had been violated by the Morgans.

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* Honorable Robert L. Kunzig, Judge of the United States Court of Claims, sitting by designation.

The major question for review is whether the criminal provision of the FCRA—15 U.S.C. § 1681q—provides a standard for imposition of civil liability under the FCRA. The Morgans contend this issue was never raised below, foreclosing this court from considering it on appeal. In addition, they maintain that even if noncompliance with the act's criminal requirements forms a basis of civil liability, the document at issue on this appeal is not a "consumer report" and thus their conduct is not governed by the FCRA. We conclude (1) that the Hansens' contentions are appropriate for decision on appeal; (2) that the FCRA governs the Morgans' conduct in this case; and (3) that the FCRA authorizes a civil remedy against a user of a credit report who fails to comply with the act's criminal provision—15 U.S.C. § 1681q. We reverse.

I. *Facts.*

This case grew out of a strenuous campaign for the 1974 Republican candidacy for the United States Congress in the Second District of Idaho. Orval Hansen, the incumbent congressman, was defeated in the Republican primary election by appellant George Hansen. Thereafter two Idaho citizens filed complaints with the clerk of the United States House of Representatives alleging improper campaign financing procedures by George Hansen. This caused an investigation of George Hansen by the House Administration Committee, of which incumbent Orval Hansen was a member until his term as Congressman expired.[1]

Judith Austin, who had filed one of the above complaints, was a friend of Orval Hansen. She had a conversation with Orval Hansen in which it was discussed that a credit report on George Hansen could be interesting for what it might disclose about his campaign financing. Therefore Austin later telephoned one Rose Bowman. The substance of Austin's conversation with Bowman is in part disputed, but it is agreed that a credit report on George Hansen was discussed and that Melvin Morgan was considered as someone who might be able to obtain such a report.

Appellee Melvin Morgan is the principal stockholder and chief executive of appellee Nate Morgan Jewelers of Pocatello, a corporation. The corporation is a member of the Pocatello Credit Bureau, entitled to receive credit reports from the Bureau. On about August 10, 1974, Melvin Morgan received a telephone call from Rose Bowman which he construed to be a request for a credit report on George Hansen. Morgan contends he agreed to obtain the report upon the belief that it was desired by Orval Hansen to assist the House Administration Committee's investigation of George Hansen.[2] Upon Melvin Morgan's request the credit report was provided without question by the Pocatello Credit Bureau.[3] The report was issued in the names of both George V. Hansen and his wife, Connie. It contained no information adverse to either of them.

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[1] George Hansen ultimately won his bid for the congressional seat in the general election in the fall of 1974. Subsequently he pled guilty to a two count information charging violations of the Federal Election Campaign Act of 1971, 2 U.S.C. §§ 434 & 441.

[2] The Hansens allege a different purpose motivated Melvin Morgan to obtain the credit report. According to them even though George Hansen had defeated Orval Hansen in the Republican primary election, if George Hansen could have been forced to resign or abandon his nomination as the Republican candidate for the congressional seat, Orval Hansen would have been automatically designated as the succeeding nominee pursuant to 34-715(4) of the Idaho Code. Thus, Morgan's conduct is assertedly a "conscious political act of a volunteer, and not that of a person proceeding upon the belief that he was acting pursuant to a legal request of a governmental entity."

[3] The Pocatello Credit Bureau did not inquire of Morgan about the reasons for which he desired the report. Morgan simply identified himself by name and number and made the request. He said, "127, Mel Morgan, I would like a written report update on George V. Hansen." The chief executive of the credit bureau stated in his deposition that the bureau does not inquire of the purpose for which each request they receive is made. Rather, the bureau relies on the member's compliance with the provisions of the membership and service con-

When he received the report, Morgan delivered it personally to Orval Hansen's office in Washington D. C. Eventually the report reached the House Administration Committee.

Upon learning of the existence of the credit report, George and Connie Hansen filed suit against the Morgans and various other parties involved in the obtaining of the report. After extensive discovery, the Hansens dropped their complaint against all parties except the Morgans. Their amended complaint alleged that the Morgans, by willfully or negligently failing to comply with the requirements of § 1681b and § 1681e(a) "and other related Sections" of the FCRA, unlawfully violated the Hansens' right to privacy. Damages were sought under §§ 1681n and 1681*o* which authorize civil causes of action for noncompliance with the requirements of the act.

The Morgans moved for summary judgment contending as a matter of law that their conduct violated no provision of the FCRA, leaving no basis from which a civil suit based on the FCRA could be launched. In an opinion which reviewed the requirements imposed by each of the noncriminal provisions of the FCRA, the district judge agreed with the Morgans and granted their motion for summary judgment. The Hansens appeal.

II. *Justiciability.*

[1] Initially the Morgans contend that this court should be foreclosed from considering § 1681q as a basis of civil liability for their conduct because the Hansens did not rely on it below and cannot raise it for the first time on appeal. However, this contention too narrowly construes the record. In their amended complaint the Hansens alleged that the Morgans invaded their privacy by "willfully or negligently failing to comply with the requirements of Sections 1681b, 1681e(a), and other related Sections of 15 U.S.C. 1681 . . . ." In their opposition to summary judgment the Hansens argued that under §§ 1681n and 1681*o* the Morgans were liable for failure to comply with § 1681b. As explained in section IV, *infra*, § 1681b states requirements that often will form the measuring stick of when § 1681q has been violated. The essence of the Hansens' argument was directed at the same concerns reached by § 1681q. If nothing else, the Hansens' general reliance on "other related Sections of 15 U.S.C. 1681" when coupled with their argument of the factors relevant to application of § 1681q sufficiently posed the issue of the applicability of § 1681q below to allow this court to reach it on appeal.

[2] Moreover, even if we concluded the issue of the relationship between § 1681q to civil liability under the FCRA was not properly raised below, we still would not be precluded from reaching it. Generally a federal appellate court will not consider an issue not passed upon below. *Singleton v. Wulff*, 428 U.S. 106, 120, 96 S.Ct. 2868, 49 L.Ed.2d 826 (1976); *United States v. Patrin*, 575 F.2d 708, 712–713 (9 Cir. 1978). However, as we held in *United States v. Patrin, supra*, this rule is not without its exceptions. One of the exceptions recognized in *Patrin* is that when "the issue conceded or neglected in the trial court is purely one of law and either does not affect or rely upon the factual record developed by the parties, [citations omitted], the court of appeals may consent to consider it." *United States v. Patrin, supra*, at 712.

[3] Here the parties fully developed the facts below. The factual issue critical to our holding—whether the Morgans had obtained the credit report for reasons not permitted by the FCRA—was hotly disputed and the subject of extensive discovery. The sole aspect of that issue not treated below was the relationship of the criminal

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tract, which requires users to seek information only for purposes permitted by the FCRA. These purposes are enumerated both in the FCRA and in the bureau's membership contract.

provision, 15 U.S.C. § 1681q, to the provisions creating civil liability for noncompliance with the act, 15 U.S.C. §§ 1681n & 1681*o*. This is purely a legal issue, the injection of which would not have caused the Morgans to develop new or different facts or to advance an alternative legal theory in their defense. Accordingly, if the issue had not been raised adequately below, we would exercise our discretion to consider it upon appeal.

III. *Applicability of the FCRA.*

[4] Before the trial judge the Morgans contended the credit report obtained on the Hansens was not a "consumer report" within the meaning of the FCRA. Implicitly, at least, the trial judge rejected this contention by reaching the merits of the Hansens' claim. Nevertheless, on appeal the Morgans repeat their contention as an alternative ground for affirming the trial court's ultimate holding. This effort is unavailing because the trial judge was correct in treating the credit report as a "consumer report" as defined in the FCRA.

Section 1681a(d) of Title 15 defines "consumer report" to be:

> ". . . *any written, oral, or other communication of any information by a consumer reporting agency* bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living *which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for* (1) credit or insurance to be used primarily for personal, family, or household purposes, or (2) employment purposes, or (3) other purposes authorized under section 1681b of this title. * * " (Emphasis added.)

The credit report issued on the Hansens in this case falls directly within this definition. Since the Pocatello Credit Bureau knew nothing of the Morgans' real reason for requesting the report, it must have supplied this information with the expectation that the Morgans would use it for purposes consistent both with the FCRA and with the Bureau's form membership contract which closely correlated with the restrictions in the act. And unless the Bureau was generally collecting such information for purposes not permitted by the FCRA, it must have collected the information in the report for use consistent with the purposes stated in the act. There has been no suggestion otherwise. Accordingly, the credit report is (1) a written communication of information (2) by a consumer reporting agency (3) bearing on the Hansens' credit worthiness, credit standing or credit capacity (4) which was both expected to be used, and collected in whole or in part, for the purpose of establishing the Hansens' consumer eligibility for credit transactions. As such it is a consumer report under the FCRA.

IV. *Civil Liability under the FCRA.*

Section 1681h(e) of Title 15 limits civil liability under the FCRA as follows:

> "(e) *Except as provided in sections 1681n and 1681o of this title,* no consumer may bring any action or proceeding in the nature of defamation, invasion of privacy, or negligence with respect to the reporting of information against any consumer reporting agency, *any user of information,* or any person who furnishes information to a consumer reporting agency, based on information disclosed pursuant to section 1681g, 1681h, or 1681m of this title, *except as to false information furnished with malice or willful intent to injure such consumer.*" (Emphasis added.)

The information upon which the Hansens based their suit seems to have been disclosed pursuant to sections 1681g and 1681h, but the Hansens make no contention that any information in the credit report obtained about them was false. The district judge specifically found there was no false information contained in the report. Thus any liability of the Morgans to the Hansens must be predicated on either § 1681n or § 1681*o*.

These sections create civil liability for willful (§ 1681n) or negligent (§ 1681*o*) noncompliance by a consumer reporting agency or user of information who fails to comply with "any requirement imposed under this subchapter with respect to any consumer . . . ."[4] If the Morgans have negligently or willfully failed to comply with any "requirement" imposed by the FCRA on users of credit information, they can be held liable by the Hansens.

The crucial issue is what constitutes "any requirement imposed under this subchapter" for purposes of § 1681n and § 1681*o*. The district court apparently concluded only the noncriminal provisions of the FCRA state "requirements" for purposes of civil liability under the act. The opinion below reviewed each of the noncriminal provisions of the act which regulate conduct, concluding that no provision which applies to users of credit information, as opposed to consumer reporting agencies, had been violated by the Morgans. No mention was made of the criminal provision—§ 1681q. *See Hansen v. Morgan*, 405 F.Supp. 1318 (D.Idaho 1976).

[5] However, we conclude § 1681q does state a "requirement imposed under this subchapter". 15 U.S.C. § 1681q provides:

> "Any person who knowingly and willfully obtains information on a consumer from a consumer reporting agency under false pretenses shall be fined not more than $5,000 or imprisoned not more than one year, or both."

This section requires that users of consumer information refrain from obtaining such information from credit reporting agencies under false pretenses. Its violation therefore, forms a basis of civil liability under either § 1681n or § 1681*o*.

[6, 7] The standard for determining when a consumer report has been obtained under false pretenses will usually be defined in relation to the permissible purposes of consumer reports which are enumerated in 15 U.S.C. § 1681b.[5] This is because a consumer reporting agency can legally issue a report only for the purposes listed in § 1681b. If the agency is complying with the statute, then a user cannot utilize an account with a consumer reporting agency to obtain consumer information for a purpose not permitted by § 1681b without using a false pretense.

We hold that obtaining a consumer report in violation of the terms of the statute without disclosing the immpermissible purpose for which the report is desired can

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[4] These provisions read, respectively:

§ 1681n Civil liability for willful noncompliance

"Any consumer reporting agency or user of information which willfully fails to comply with any requirement imposed under this subchapter with respect to any consumer is liable to that consumer in an amount equal to the sum of—

(1) any actual damages sustained by the consumer as a result of the failure;

(2) such amount of punitive damages as the court may allow; and

(3) in the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court."

§ 1681o Civil liability for negligent noncompliance

"Any consumer reporting agency or user of information which is negligent in failing to comply with any requirement imposed under this subchapter with respect to any consumer is liable to that consumer in an amount equal to the sum of—

(1) any actual damages sustained by the consumer as a result of the failure;

(2) in the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court."

[5] This provision reads:

§ 1681b Permissible purposes of consumer reports

"A consumer reporting agency may furnish a consumer report under the following circumstances and no other:

(1) In response to the order of a court having jurisdiction to issue such an order.

(2) In accordance with the written instructions of the consumer to whom it relates.

(3) To a person which it has reason to believe—

(A) intends to use the information in connection with a credit transaction involving constitute obtaining consumer information under false pretenses, and that the facts in this case demonstrate that the consumer report was so obtained.[6]

This construction of the FCRA is not only consistent with the intent of Congress as revealed by the explicit language of § 1681n, the legislative history, and the stated purpose of the Act, but also comports with Supreme Court precedent relating to civil liability based on criminal provisions of federal statutes in general. When introducing the Fair Credit Reporting Bill in the Senate, Senator Proxmire stated that the bill would require:

> ". . . that credit bureaus have in effect procedures for guaranteeing the confidentiality of the information they collect and that no such information be released to noncreditors such as governmental investigative agencies without the express consent of the person involved." 114 Cong.Rec. 24902 (1968). *See Belshaw v. Credit Bureau of Prescott*, 392 F.Supp. 1356, 1360, n. 4 (D.Ariz.1975).

As explained, § 1681q extends to users of information the requirement that they refrain from obtaining consumer information for such impermissible purposes.

The declared purpose of the FCRA is to assure that "consumer credit, personnel, insurance and other information" is collected, disseminated and used in a manner which will protect the interest of the consumer in "confidentiality, accuracy, relevancy, and proper utilization of such information . . . ." 15 U.S.C. § 1681(b). The principle mechanism for accomplishing this goal is the regulation of reporting of consumer information by consumer reporting agencies. But requirements were also placed on users of credit information. This was necessary because the objectives of the act could be defeated if users could obtain information from consumer reporting agencies under false pretenses with impunity. Even consumer reporting agencies acting in complete good faith cannot prohibit illicit use of consumer information if users are not bound to obtain consumer reports only for permissible purposes. Section 1681q is a response to this concern.

Finally, the Supreme Court, when faced with claims for civil damages based on implication from penal provisions of various federal statutes, has recognized that the intention of Congress often cannot be effectively implemented without both civil and criminal remedies. The Court has stated:

> "In those cases [*Texas & Pacific R. Co. v. Rigsby*, 241 U.S. 33, 36 S.Ct. 482, 60 L.Ed. 874 (1916); *J. I. Case Co. v. Borak*, 377 U.S. 426, 84 S.Ct. 1555, 12 L.Ed.2d 423 (1964)] we concluded that criminal liability was inadequate to ensure the full effectiveness of the statute which Congress had intended. Because the interest of the plaintiffs in those cases fell within the class that the statute was intended to protect, and because the harm that had occurred was of the type that the statute was intended to forestall, we held that civil actions were proper. That conclusion was in accordance with a general rule of the law of torts. See Restatement (Second) of Torts § 286." *Wyandotte Co. v. United States*, 389 U.S. 191, 202, 88 S.Ct. 379, 386, 19 L.Ed.2d 407 (1967).

Here the case is even stronger for there is no need to imply a civil remedy. § 1681n explicitly authorizes one.

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the consumer . . . and involving the extension of credit to, or review or collection of an account of, the consumer; or

(B) intends to use the information for employment purposes; or

(C) intends to use the information in connection with the underwriting of insurance involving the consumer; or

(D) intends to use the information in connection with a determination of the consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status; or

(E) otherwise has a legitimate business need for the information in connection with a business transaction involving the consumer."

[6] The Morgans assert that their purpose in obtaining credit report on George Hansen was to assist the House Administration Committee evaluate Hansen's fitness for employment as a public official. They argue this is a permissible "employment purpose" under 15 U.S.C. § 1681b(3)(B). We refuse to extend the definition of "employment purpose" to encompass the Morgans' conduct in this case.

[8] The Morgans reply that § 1681q was not intended to protect the consumer, but rather the consumer reporting agency which is required by the statute to institute reasonable reporting procedures to protect the privacy of consumers. Thus they contend a consumer has no standing to sue under it. However, the FCRA was designed in whole and in virtually each part to protect not consumer reporting agencies, but consumers themselves. If § 1681q helps consumer reporting agencies comply with the act, that result is secondary to the ultimate protection which compliance by users as well as consumer reporting agencies gives to the consumer.

We hold that § 1681q states an explicit "requirement imposed under this subchapter [the FCRA]". Noncompliance with § 1681q thereby forms a basis of civil liability under § 1681n. The Hansens' claim states a valid cause of action under these sections and there were sufficient issues of fact to withstand summary judgment.

V. *Conclusion.*

The judgment of the district court is reversed and remanded for a trial.

UNITED STATES of America, Appellee,

v.

Frederick Lyle McINTYRE, Appellant.

UNITED STATES of America, Appellee,

v.

Dale Irwin VanBUSKIRK, Appellant.

Nos. 77-3623, 77-3716.

United States Court of Appeals,
Ninth Circuit.

Sept. 25, 1978.

Rehearings Denied Nov. 13, 1978.

Defendants were convicted before the United States District Court for the District of Arizona, Mary Anne Richey, J., of violating and conspiring to violate Title III of the Omnibus Crime Control and Safe Streets Act of 1968, and they appealed. The Court of Appeals, Goodwin, Circuit Judge, held that: (1) assistant chief of police had reasonable expectation of privacy in his office; (2) trier of fact could find from all the evidence that defendants "willfully" participated in endeavor to "bug" assistant chief of police's office, and (3) whether assistant made or received any telephone calls during life of "bug" was immaterial where evidence proved that defendants did cause or procure others to try to intercept conversations.

Affirmed.

1. Telecommunications 🔑495

In determining whether violation of Title III of the Omnibus Crime Control and Safe Streets Act of 1968 occurred, inquiry was whether communications overheard were uttered by person who had subjective expectation of privacy that was objectively reasonable. 18 U.S.C.A. §§ 2510(2), 2511 et seq.

2. Searches and Seizures 🔑7(1)

Police officer is not, by virtue of his profession, deprived of protection of the Constitution; this protection extends to warrantless eavesdropping to overhear conversations from official's desk and office.

3. Master and Servant 🔑54

Established regulatory scheme or specific office practice may, under some circumstances, diminish employee's reasonable expectation of privacy.

4. Telecommunications 🔑495

Evidence that other, unconsented, "bugging" may have occurred within police department did not create regulatory scheme or specific office practice that precluded assistant chief of police from having objectively reasonable subjective expecta-

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Committees and Subcommittees

BANKING, CURRENCY AND HOUSING
Oversight and Renegotiation (Ranking Member)
Domestic Monetary Policy

VETERANS' AFFAIRS
Hospitals
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Congreſs of the United States
House of Representatives
Washington, D.C.

Idaho District Offices:
UPPER SNAKE RIVER VALLEY
211 Federal Building
Box 740, Idaho Falls 83401
Tel: 523-5341
SOUTHEASTERN IDAHO
393 Federal Building
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MAGIC VALLEY
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Tel: [illegible]
WESTERN IDAHO
443 Old Federal Building
Boise 83701
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February 18, 1977

BRIEFING BOOK EX. 13

770585

AOR 1977-7

OPINION REQUEST 878

Federal Election Commission
Office of General Counsel
Advisory Opinion Section
1325 K Street, N.W.
Washington, D.C. 20463

re: Request for Advisory Opinion

Gentlemen:

By this letter I am requesting an advisory opinion as to whether a federal office holder may, under certain circumstances, raise personal funds by personal and/or mail solicitation. It is submitted that federal office holders should be afforded the means to supplement their income provided by their federal salary, if it can be done in a manner that will not influence or affect their nomination or election to federal office.

Like persons in other professions, federal office holders have the same needs for financial security. They, too, are subject to extraordinary personal financial burdens that can be imposed by such things as heavy medical expenses resulting from serious illness or accident, as financial losses occasioned by business reverses, and as college expenses of children, to name a few examples. They should be afforded a way to mount an effort to overcome such problems and attain financial security.

However, if federal office holders are held to a standard of "personal gifts customarily received prior to candidacy" and are to be severely limited in their receipt of honorariums and other extra-federal income, they have little prospect of ever overcoming extraordinary personal expenses or losses while pursuing their careers as federal office holders - unless they were wealthy prior to candidacy. There should be some provision by which federal office holders of modest means can overcome the burden of extraordinary personal expenses and losses while continuing to serve the constituency which elected them.

All things considered, solicitation for personal donations would appear to be the avenue most compatible to circumstances of federal office. Clearly, allowance of extra - federal employment would not only take away time from public duties, but would lend itself to long-term, continuing conflicts of interest and influence. Solicitation and receipt of unconditional gifts would tend to avoid these problems. Of course, there could be no denial that such personal gifts would be politically motivated to a substantial degree. However, it is submitted that a plan of solicitation can be devised which would substantially avoid affecting or influencing the nomination or election process.

With reference to The Federal Election Campaign Act of 1971, as amended in 1974 and 1976, and with reference to the proposed Rules and Regulations published by the Federal Election Commission in the Federal Register, Vol. 41, No. 166 on August 25, 1976, I respectfully request an advisory opinion as to whether the following plan for solicitation of personal funds may be allowed:

(1) The personal funds would be solicited either in person or by mail.

(2) In order to overcome the presumption that the donations were contributions, all solicitations for personal gifts would be accompanied or immediately followed up by a letter stating the purpose of the solicitation and requesting the donor to sign a card to be returned with the gift affirming such purpose of the gift. The statement of purpose in the solicitation letter will be as follows:

> "The purpose of this solicitation is to obtain personal funds for (name of office holder) for his (her) personal use. Funds obtained by this solicitation will not be used for the purpose of influencing any nomination or election and will not be used in any campaign by or in behalf of (name of office holder) and will not be used by him (her) in any way to promote or to maintain the official activities of (name of office holder)."

The statement of affirmation of purpose and amount of the gift on the card to be signed by the donor and returned with the gift will be as follows:

> "I, the undersigned, hereby affirm that the purpose of this gift in the amount of $________ is donated to (name of office holder) for his personal use only, and that this gift is not given to influence any nomination or election or as a campaign contribution or for the purpose of promoting or maintaining the official activities of (name of office holder)."

(3) No gifts will be solicited, or knowingly accepted, which are prohibited by sections 114.2 and 115.2 of the proposed F.E.C. Rules and Regulations.

(4) No such solicitation will be conducted during any one year period prior to a general election.

(5) The solicitation effort will not be conducted or staffed by persons on the office holder's staff who are on the federal payroll or by persons employed and paid by the office holder or his campaign committee in the immediate past campaign.

(6) The solicitation will not be conducted within the Congressional District of the office holder nor would constituents be knowingly solicited.

(7) The solicitation effort will be self-supporting and will repay personal "start-up" funds advanced by the office holder for its operation.

(8) All disbursements from gifts received will be paid out solely for costs of the solicitation effort or to the personal account of the office holder.

(9) As a condition to allowance of such solicitation for personal funds, the office holder will not make expenditures from personal funds at any time in the future following commencement of the solicitation. An affidavit forswearing future use of personal funds for expenditures will be executed by the office holder in a form approved and/or provided by the Federal Election Commission.

(10) As a condition to allowance of such solicitation for personal funds, the proposed solicitation letter and return affirmation card shall be submitted to the Federal Election Commission for approval.

(11) An accounting of the solicitation effort shall be reported to the Federal Election Commission on a monthly basis or at such other times as requested by the Commission. The accounting shall contain at least the following:

(a) The amount of each gift, the date of its receipt, and the name and address of each donor related to each gift.

(b) The amount of each disbursement, the date of its payment, the name and address of the payee, and the purpose of the payment if not made to the personal account of the office holder.

The foregoing, private fund solicitation plan is submitted not only for advisory opinion as to its feasibility, but for advice as to what additional measures or changes might make it feasible. There is no pride of authorship as to language or terms intended. It is only hoped that this request might point the way to a reasonable plan of relief from the economic freeze imposed upon federal office holders.

In closing, I do have a special request. As the time factor of the next election is less than ten months away, I would appreciate your consideration of this request as soon as possible. Not only is the preparation and implementation of a direct mail solicitation a time consuming process, but the follow-up mailings could easily fall into next year (and would have to be foregone) unless we are able to begin the proposed solicitation almost immediately.

Thank you for your consideration.

Very truly yours,

GEORGE HANSEN
Member of Congress

tour" would probably not be viewed as "equal consideration" for expenses paid by a sponsoring organization.

A similar philosophy of exempting expenses for participation in an event is recognized in clause 3 of House Rule XLVII, which excludes travel, lodging, and meals from calculation of the honorarium paid for a speech or appearance.

A separate question surrounds the reimbursement or payment of similar expenses for the spouse of a Member, officer, or employee. If a sponsoring organization pays the spouse's expenses to attend an event in which the Member participates, would those expenses constitute a gift to the Member under clause 4 of Rule XLIII? Rule XLIII does not specifically address this question. But as a matter of precedent, Federal Election Commission regulations exclude payment of expenses for a spouse as a portion of the honorarium received by a Member, officer, or employee. As a matter of policy, the ability of the spouse to accompany a Member to such events has many positive benefits. If House Rules are interpreted so as to prevent reimbursement of a spouse's travel, food, and lodging expenses, the incentive for Members to participate in meaningful programs will be diminished.

SUMMARY OPINION

A Member, officer, or employee of the House (and the individual's spouse or another family member) may be paid or reimbursed for transportation, food, and lodging expenses when such expenses are directly associated with a conference, meeting, or similar event in which the Member, officer, or employee substantially participates. Such reimbursements or payments aggregating $250 or more from one source would be disclosed in accordance with the provisions of section 102(2)(C) or the Ethics in Government Act (PL 95-521).

Advisory Opinion No. 3

SUBJECT

Applicability of House Rule XLIII, clause 4, to acceptance of free transportation provided by air carriers on inaugural flights.

REASON FOR ISSUANCE

The Select Committee has been requested to issue an advisory opinion on the propriety of Members, officers, or employees of the House of Representatives accepting free transportation provided by air carriers on inaugural flights.

BACKGROUND

Commercial air carriers are authorized, under federal regulations (18 CFR 223.8 and 399.38) and with the approval of the Civil Aeronautics Board, to provide free transportation on "inaugural flights" to invited guests when a new route or new equipment is introduced. Traditionally, the air carriers invite Members and employees of the House of Representatives, as well as officials of the Executive Branch, on such inaugural flights.

The applicable House Rule in this situation is Rule XLIII, clause 4, which provides, in effect, that a Member, officer, or employee of the House of Representatives shall not accept gifts in any calendar year aggregating $100 or more in value, directly or indirectly, from any party with a direct interest in legislation before the Congress, or from a foreign national.

The air carriers are subject to federal regulation, and thus are deemed to have a direct interest in legislation before the Congress. The question to be determined is whether an inaugural flight constitutes a gift.

In the case of inaugural flights, the Member, officer, or employee of the House does not appear to render any services of equal consideration to the value of the flight, and therefore an inaugural flight would appear to constitute a gift to the Member, officer, or employee. If the value of the transportation provided on an inaugural flight exceeds $100, and the Committee assumes that such would be the case in every instance, acceptance of such a gift would be prohibited under Rule XLIII, clause 4.

The Committee recognizes that the definition of the term "gift" for purposes of Rule XLIII, clause 4, might not include some situation where a trip or event is primarily intended for educational purposes and is directly related to a Member's or officer's or employee's official duties. However, the Committee finds that inaugural flights, as traditionally defined, do not have sufficient educational value to exclude them from the definition of a gift for purposes of the intent of Rule XLIII, clause 4.

SUMMARY OPINION

Acceptance of free transportation provided by air carriers on inaugural flights is prohibited under House Rule XLIII, clause 4.

Advisory Opinion No. 4

SUBJECT

Under House Rules, may a Member of the House or the spouse of a Member solicit cash gifts of less than $100 for personal use through a direct mass mailing?

REASON FOR ISSUANCE

A Member of the House has requested an advisory opinion as to whether his proposal to solicit gifts of less than $100 for personal use would be in violation of House Rule XLIII.

BACKGROUND

Rule XLIII, clause 4, prohibits acceptance of gifts aggregating over $100 from "persons" having a direct interest in legislation before the Congress. Since the proposal would solicit only gifts of less than $100, it would not be in violation of clause 4.

BRIEFING BOOK EX. 14

However, Rule XLIII, clause 7, appears to have direct application to the proposed plan to solicit gifts. Before March 3, 1977, Rule XLIII, clause 7, read as follows:

> A Member of the House of Representatives shall treat as compaign contributions all proceeds from testimonial dinners or other fund-raising events if the sponsors of such affairs do not give clear notice in advance to the donors or participants that the proceeds are intended for other purposes.

This provision was designed to deal with situations in which donations were given to Members under the mistaken notion that they were to be used for campaign purposes when, in fact, they were treated as personal gifts. Hence, language was adopted which specified that unless advance notice was given, proceeds from fund-raising events could not be converted to personal use.

The House Commission on Administrative Review recommended that proceeds from testimonial dinners and other fund-raising events should not be allowed to be converted to personal use under any circumstances. Effective March 3, 1977, H. Res. 287 amended clause 7 to read simply:

> A Member of the House of Representatives shall treat as campaign contributions all proceeds from testimonial dinners or other fund-raising events.

In a technical sense, then, the propriety of the proposal turns on the interpretation of a "fund-raising event." There was no legislative history defining the term fund-raising event when Rule XLIII was adopted in 1968.

But in view of the widespread use of mass mailings to raise funds (direct mail solicitation has become a principal fund-raising technique since 1968), it would appear that the proposal under consideration constitutes a fund-raising event. In the age of computerized mass mailings, it is unnecessary for people to gather together in a common place on a particular date to constitute a "fund-raising event."

Additionally, Rule XLIII, clause 2, would appear to have applicability in this case. The provision states:

> A Member, officer, or employee of the House of Representatives shall adhere to the spirit and letter of the Rules of the House of Representatives and to the rules of duly constituted committees thereof.

A major thrust of the provisions contained in the new House Rules adopted March 2, 1977, was to severely limit the potential for Members to "cash in" on their positions of influence for personal gain. Therefore, a limitation on outside earned income was proposed and adopted. A proposal to abolish unofficial office accounts was offered and adopted. A proposal to prohibit the conversion of political funds to personal use was adopted. And the proposal discussed above to treat all proceeds from fund-raising events as campaign contributions was also adopted. Therefore, it would appear that a proposal to solicit funds for personal use would be contrary to the "spirit" of the House Rules adopted pursuant to H. Res. 287.

The final question concerns the propriety of a spouse raising funds through mass mail solicitation for the benefit of the Member. While the Select Committee recognizes the basic independence of the spouse, the spouse under these circumstances would be acting essentially on behalf of the Member. Thus, the Member would be conducting indirectly the very activities he would be prohibited from engaging in directly.

Consequently, the mass mail solicitation of funds by a spouse for a Member's use also appears to violate the "spirit" of House Rules.

SUMMARY OPINION

A direct mail solicitation by a Member of the House or the spouse of a Member constitutes a "fund-raising event" for purposes of House Rule XLIII, clause 7. Proceeds from a "fund-raising event" for a Member of the House must be treated as "campaign contributions" and cannot be converted to personal use by the Member. Therefore, any such attempt to raise funds for personal use through a mass mailing would be in violation of House Rule XLIII, clause 7. Additionally, any such activity would appear to be contrary to the spirit of House Rules and, therefore, in violation of House Rule XLIII, clause 2.

ADVISORY OPINION NO. 5

SUBJECT

Use of campaign funds to pay for official expenses incurred prior to March 3, 1977.

REASON FOR ISSUANCE

The Select Committee has received several inquiries regarding the use of campaign funds to pay for official expenses incurred prior to the effective date of House Rule XLIII, clause 6, and Rule XLV.

BACKGROUND AND DISCUSSION

House Rule XLIII, clause 6, as amended on March 2, 1977, restricts the use of campaign funds to bona fide campaign purposes. House Rule XLV, also adopted on March 2, 1977, prohibits the acceptance of private contributions to defray ordinary and necessary expenses incurred in the operation of a congressional office. Both Rules changes became effective upon adoption.

Some Members committed excess campaign funds to pay for official expenses incurred on or before March 3, 1977, the effective date of the new Rules, but have not actually expended their campaign funds to pay those debts. In such cases, the campaign funds were contributed prior to the Rules changes and the expenses were incurred before the adoption of the new Rules.

The amendment to Rule XLIII, clause 6, and new Rule XLV were not intended to have an ex post facto effect. Therefore, the Select Committee finds that use of campaign funds contributed prior to the Rules changes to pay for official expenses incurred prior to March 3 is permissible under the Rules.

House Rule XLV clearly prohibits Members who have incurred official expenses either before or after March 3 from raising pri-

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COMMITTEES-SUBCOMMITTEES
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AND HOUSING
OVERSIGHT AND RENEGOTIATION
(RANKING MEMBER)
DOMESTIC MONETARY POLICY
VETERANS' AFFAIRS
HOSPITALS
CEMETERIES AND BURIAL BENEFITS

Congreſs of the United States
House of Representatives
Washington, D.C.

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BOISE 83701
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March 14, 1977

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

BRIEFING BOOK EX. 15

Dear Mr. Chairman:

Pursuant to our recent conversation, I wish to formally advise you that through the past two elections for Congress I have experienced an unusual degree of personal attack by political opposition which has created for me and my family a considerable amount of legal, professional and other non-campaign expenses.

Being one of modest means and not having any significant outside source of income in addition to my Congressional salary which is used to support a large family and maintain my personal situation both in Washington and Idaho, it is most difficult to find the means to recoup from such extra personal expenses which have been incurred.

I therefore have openly attempted to find a method which would not interfere with my service to my constituents on a full time basis and not be in conflict of interest for the position I hold.

I have always been most concerned that my activities be legal and ethical. Therefore I have outlined an inquiry to the Federal Election Commission to determine a course of action which might be acceptable and forthright. I believe the letter speaks for itself and enclose a copy for your information. I would appreciate being advised if my proposal violates any laws, rules or regulations in the area of your jurisdiction.

My attorney has been actively involved in this matter in preparation of the letter and in preliminary discussions with appropriate officials of the F.E.C. I have every reason to believe my request has been properly qualified and will receive early and favorable consideration.

I am convinced that my request adheres to the letter and spirit of the new ethics code recently passed by the House but as a precaution and in a further effort to conform to non-controversial guidelines, I wish to advise you that no contribution of $100 or more will be solicited or accepted.

Again, I wish to point out my purpose is basically to gain reimbursement for some of the large expenses pushed on me personally by political harassment and dirty tricks which I have not previously included as regular campaign expenses.

Thank you for your interest and assistance in this matter. I would appreciate receiving an early reply and welcome your comments and suggestions.

Sincerely yours,

GEORGE HANSEN
Member of Congress

GVHs

P.S. For your information, the terminology (such as the word "expenditure") in the letter to the F.E.C. is utilized according to definitions set forth in the F.E.C. Act of 1971 as amended and proposed rules and regulations as published.

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COMMITTEES-SUBCOMMITTEES

BANKING, CURRENCY
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WESTERN IDAHO
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April 5, 1977

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

BRIEFING BOOK EX. 16

Dear Mr. Chairman:

This is to supplement previous correspondence regarding my proposal to solicit funds to recoup from serious personal losses caused by the unusual degree of personal attack I have experienced from political opposition during the past three years.

As you are aware, my plan was found by the Federal Election Commission to have no conflict with Federal Election laws or proposed regulations under their jurisdiction. Further research has established that there is no reason to believe that there will be any conflict with laws and regulations as administered by other agencies of the Federal government.

To further clarify my situation at this point for your purposes I wish to deal with the basic structure of the proposed solicitation in my behalf. In this I am flexible in hopes of maintaining a completely legal and ethical posture for myself personally and as a member of this great legislative body.

I suggest that the known and accepted structure for soliciting the political funding for elections can also be properly used for raising personal funds as described in my proposal. By this I mean the personal or mail solicitation would be conducted either personally or in the alternative by a committee composed of several persons not a part of my congressional office staff or campaign organization.

In conjunction with the eleven point plan cleared with the FEC, such a committee would operate entirely independent of me in every respect. For example, it would necessarily have to obtain its own seed money and organizational direction and control. The only relationship I would have with the committee would be that I would not accept funds from the committee unless it could clearly demonstrate that all points of the FEC proposal and the under $100 limitation were adhered to. No funds would be accepted personally from members of the committee or close relatives of those members.

I have made every attempt to outline a workable proposal to allow members of Congress the same rights and privileges as the average citizen enjoys -- the right to protect himself (or herself) and his (or her) family from serious financial hardship which can arise from circumstances not of his (or her) own making.

No one else has to resign from their position of employment to gain legitimate relief, why should a member of Congress? I don't believe any citizen of this nation believes that to be a necessary requirement for the office.

Any person has a right to basic financial survival. The question is how can it be properly done in a sensitive position. I believe the direct way is preferable because it is the simplest and most accountable. News accounts have been frequent regarding the complications to the circumstances of public office holders when a spouse or other close family member pursues their own course.

And yet, that family has a right to financial survival and should not be penalized if one of them is publicly involved. My wife asks me what would become of her and the children if I were to die suddenly with the large debts we have incurred from the ugly aspects of politics. What can I tell her, what would you tell your spouse?

Mr. Chairman, I appreciate the interest and time devoted to this problem by you and the members of the Committee. I strongly urge your positive action, not only for my own relief, but for any who are so unfortunate as to find themselves at some future time in similar circumstances.

Sincerely,

George Hansen

GEORGE HANSEN
Member of Congress

GVHs

BRIEFING BOOK EX. 17

MEMORANDUM OF PROPERTY SETTLEMENT AGREEMENT

THIS MEMORANDUM, executed this 30th day of September, 1977, by the parties hereto, of A PROPERTY SETTLEMENT AGREEMENT, made and entered into on the 21st day of June, 1977, by and between GEORGE V. HANSEN, hereinafter referred to as "Husband", residing in Pocatello, Bannock County, Idaho; and CONSTANCE S. "CONNIE" HANSEN, hereinafter referred to as "Wife", presently residing with Husband in Pocatello, Bannock County, Idaho;

WITNESSETH:

WHEREAS, these parties were married on the 19th day of December, 1952, in Malden, Dunclin County, Missouri, and since that time have been and now are husband and wife; and,

WHEREAS, five children have been born the issue of these parties, namely:

Steven G. Hansen, born October 3, 1953, now age 23;
James V. Hansen, born December 20, 1954, now age 22;
Patricia S. Hansen, born April 18, 1956, now age 21;
William D. Hansen, born May 13, 1959, now age 18;
Joanne Hansen, born April 25, 1960, now age 17; and

WHEREAS, out of love and affection for each other, because of the deep mutual respect for the position of the other in their marriage, and out of a mutual desire to provide for their children and to protect their family from economic ruin, it has become necessary by reason of the personal economic burdens caused these parties by malicious, illegal and improper political attacks during the three-year period last past to divide their community property between them and to otherwise arrange and settle by mutual agreement, all present and future property rights, and to arrange for this disposition.

NOW, THEREFORE, the parties mutually agree as follows:

1. In dividing their community assets and liabilities between them so as to constitute such assets and liabilities as separate property, it is the purpose of these parties to make an equal division between them as to net value.

2. From the community property of these parties, the Husband shall have as his sole and separate property, free and clear of any right, title and interest of the Wife, the following items:

(a) Earnings of the Husband, subject to a separate maintenance to Wife in the sum of $1,000.00 per month, or such other sum as the parties may hereafter agree;

(b) Husband's United States Retirement Fund, which presently amounts to the sum of $8,735.75;

(c) United States House of Representatives' Sergeant of Arms' account, having the present value of $578.15;

(d) New York Life Insurance Company commission agent residuals, presently amounting to approximately $100.00 per year;

(e) Two whole life insurance policies with New York Life Insurance Company on Wife's life for $65,000.00, with Husband as beneficiary, and which are subject to $6,000.00 loan indebtedness, therefore having little cash value;

(f) Funds in a checking account at the Valley Bank, Pocatello, Idaho, in the amount of $1,100.00;

(g) Husband's clothing and personal effects.

3. From the community property of these parties, the Wife shall have as her sole and separate property, free and clear of any right, title and interest of the Husband, the following items:

(a) All real property of these parties, with improvements thereon, including, but not limited to, the following:

(1) The real property and house situated thereon located at 4700 38th Place North, Arlington, Virginia, presently having an appraised value of $155,800.00;

(2) The real property and house situated thereon, located at 730 Ada, Paragould, Arkansas, presently having an appraised value of $27,000.00;

(3) The real property and building situate thereon, being the present site of the Copy Cat business, located at 420 North Main Street, Pocatello, Idaho, having a present value of $125,000.00;

(b) A real property sales contract in escrow for real property located in Tetonia, Idaho, having the present value of $1,518.49;

(c) The Copy Cat business located at 420 North Main Street, Pocatello, Idaho, and presently worth $40,000.00, including inventory valued at $8,000.00 and printing and other equipment and furnishings having a value of $18,822.00;

(d) Loan accounts receivable in the present amount of $7,500.00;

(e) Office equipment having the present value of $5,000.00;

(f) Household furnishings, fixtures and appliances located in the Arlington, Virginia, house, having the present value of $26,200.00;

(g) Household furnishings, fixtures and appliances located in the Paragould, Arkansas, house and in the Pocatello, Idaho, rented apartment, having the present value of $5,500.00;

(h) Tax refund presently due and owing for the year 1976, having a value of approximately $9,000.00;

(i) Monies in bank, checking and savings accounts located at the following listed banks, which accounts were in the amounts stated as of June 21, 1977:

(1)	Valley Bank, Driggs, Idaho ...	$ 2,100.00
(2)	MFT Bank, Salt Lake City, UT .	2,700.00
(3)	Bank of Idaho, Pocatello, ID .	100.00
(4)	First Security Bank, Pocatello Idaho	105.91

(5)	First National Bank, Paragould, Arkansas	$ 270.00
(6)	Idaho State Bank, Glenns Ferry, Idaho	660.00
(7)	Arlington Trust Co., Arlington, Virginia	5,122.76
(8)	First Bank of Virginia, Arlington, Virginia	513.73

(j) The following automobiles having a total value of $18,000.00:

(1) One 1976 Hornet two-door hatchback;
(2) One 1977 two-door Chevrolet Monte Carlo;
(3) One 1975 four-door Oldsmobile Regency;
(4) One 1975 four-door Oldsmobile Cutlass.

(k) All right, title and interest in and to the following life insurance policies with New York Life Insurance Company on the life of Husband, in the amounts and face values as follows:

(1) $100,000.00 whole life policy;
(2) $50,000.00 whole life policy;
(3) $50,000.00 whole life policy;
(4) $10,000.00 whole life family plan policy;
(5) $40,000.00 term insurance to the extent assignable.

The parties acknowledge that the foregoing whole life insurance policies are subject to indebtedness that renders their respective cash values virtually a nullity.

(l) Clothing and personal effects of Wife.

4. From the community debts, the Husband shall assume as his sole and separate debts, from which the Wife shall be free of any liability or obligation, the following items:

(a) The indebtedness on all real property of these parties, including, but not limited to, the following properties for the following amounts:

(1) The real property and house situated thereon located at 4700 38th Place North, Arlington, Virginia, presently subject to an indebtedness in the sum of $105,000.00;

(2) The real property and house situated thereon, located at 730 Ada, Paragould, Arkansas, presently subject to indebtedness in the sum of $3,468.69;

(3) The real property and building situated

thereon, being the present site of the Copy Cat business, located at 420 North Main Street, Pocatello, Idaho, presently subject to indebtedness in the sum of $80,000.00;

(b) Secured indebtedness on equipment located in the Copy Cat business in the sum of $9,763.00;

(c) Credit and charge card payables and accounts in the sum of $7,000.00;

(d) Attorneys' fees in the sum of $4,999.39;

(e) Loans from New York Life Insurance Company on the policies on the lives of both Husband and Wife in the total sum of $44,552.77 (including the sum of $9,306.93 required to pay New York Life Insurance Company to reinstate some of the policies for back premiums);

(f) Loan from the United States Retirement Fund in the sum of $23,500.00;

(g) Loan from the Valley Bank, Pocatello, Idaho, in the sum of $10,000.00;

(h) Loan from the Bank of Idaho, Pocatello, Idaho, in the sum of $13,000.00;

(i) Loan from Idaho Bank & Trust, Pocatello, Idaho, in the sum of $10,536.14;

(j) Loan from the First Bank & Trust, Malad, Idaho, in the sum of $22,044.78;

(k) Secured loan on some of the above referenced automobiles from the Valley Bank, Idaho Falls, Idaho, in the sum of $3,700.00;

(l) Loan from the First Security Bank, Pocatello, Idaho, in the sum of $12,150.00;

(m) Loan from the Idaho State Bank, Glenns Ferry, Idaho, in the sum of $10,000.00;

(n) Loan from the Arlington Trust Company in Arlington, Virginia, in the sum of $2,439.58;

(o) Indebtedness to the House of Representatives' Sergeant of Arms' account in the sum of $13,200.00;

(p) Present interest owed on outstanding indebtedness, $17,200.00;

(q) Personal loans in the total sum of none $ --00.00-- .

5. From the community debts, the Wife shall assume as her sole and separate debts, from which the Husband shall be free of any liability or obligation, the following items:

(a) Loan from the First National Bank, Dallas, Texas, in the sum of $50,000.00;

(b) Personal loans in the sum of $ 372,750.00 .

6. The parties hereby agree to maintain in force the policies of insurance awarded to them by the terms hereof.

7. It is understood and agreed that the Husband may claim all children as may be dependent at any time as exemptions on his income tax returns.

8. The parties acknowledge that funds received by Wife as a result of a personal solicitation, commencing in May and June, 1977, are gifts to the Wife and are therefore her separate property.

9. Husband shall pay to Wife, as and for separate maintenance, the sum of $1,000.00 per month, or such other sum as hereafter agreed to by the parties in writing.

10. Tax refunds from any joint income tax filings by these parties shall be divided between these parties as separate proceeds in proportion to each party's respective reported gross income.

11. All references herein to the term "present", with reference to value, refer to the date of June 21, 1977.

12. Husband shall provide such funds as may be necessary to support and maintain the minor children of these parties.

13. Each of the parties hereto agrees to execute, sign and deliver over to the other party, any and all documents, certificates, titles, deeds and other instruments as

may be necessary to convey and transfer the hereinabove listed real and personal property to the party indicated, and to do so within a reasonable time upon request by the other party.

14. It is further agreed that any and all property acquired from and after the effective date of this agreement shall be the sole and separate property of the one so acquiring the same, and each of the parties hereto does hereby waive any and all right in or to such future acquisitions and does hereby grant to the other all such future acquisitions of property as the sole and separate property of the one so acquiring the same.

15. Each party hereto does hereby waive any and all right to inherit the estate of the other at his or her death or to take property from the other by devise or bequest unless under a will executed subsequent to the effective date hereof, or to claim any family allowance or probate homestead or to act as personal representative of the estate of the other (except as a nominee of the other person legally entitled to said right) or to act as the personal representative under the will of the other, unless under a will executed subsequent to the effective date hereof.

16. The effective date of this agreement shall be September 30, 1977, and all values as of June 21, 1977, are for reference purposes only.

17. Each of the parties hereto, upon execution of this agreement, waives as to the other any claim, right, title and interest awarded by said agreement to the other, and waives all other claims, save and except as herein provided, and each agrees that he or she will not incur any liability on behalf of the other, recognizing that the property

herein awarded to the other is the sole and separate property of the party to whom so awarded.

18. All matters affecting the interpretation of this agreement and the rights of the parties hereto shall be governed by the laws of the State of Idaho.

19. All provisions of this agreement shall be binding upon the respective heirs, next of kin, personal representatives and assigns of the parties hereto.

20. This agreement shall be executed in quadruplicate, each of which so executed shall be deemed an original and shall constitute one and the same agreement, with an executed copy to be retained by each of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have hereby caused this agreement to be executed upon the 30th day of September, 1977.

George V. Hansen
GEORGE V. HANSEN

Constance S Hansen
CONSTANCE S. HANSEN

Washington
~~STATE OF IDAHO~~)
District of Columbia) ss.
~~COUNTY OF ADA~~)

On this 30th day of September, 1977, before me, the undersigned, a Notary Public in and for [illegible] ~~said State~~, personally appeared GEORGE V. HANSEN and CONSTANCE S. HANSEN, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public for State of Idaho,
Residing at Boise, Idaho.

BRIEFING BOOK EX. 18

June 3, 1977

The Honorable Richardson Preyer, M. C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

Dear Mr. Chairman:

I am writing this letter at the request of my husband, Congressman George Hansen, to advise you of my intentions with regards to certain actions taken by your committee.

As you probably know, my husband plans to abide by your decisions with regard to his request to raise funds to pay off politically-caused personal indebtedness. Neither he, nor I, nor an independent committee will solicit funds in his behalf.

However, I believe the Committee has been totally unreasonable in this matter and I can't help but be disturbed at the double standards I have witnessed.

While my husband has carefully asked the Federal Election Commission and your Committee and other appropriate authority for permission and guidance to solve a very real and legitimate personal problem arising from political dirty tricks and harrassment, I have witnessed instance after instance of Members of Congress taking solicited funds, including campaign contributions, for personal use without asking and the Committee has had little to say about it.

Now, let me inform you that I don't intend to stand by and let a Committee of Congress or anyone else deprive me of the basic rights of a citizen of this nation to pay my bills and protect my home. Many members of your Committee talk a good story about civil rights and the equality of women but then they sit there smugly and deny those very rights to the wife of a Member of Congress.

I am a citizen of Idaho which is a community property state and therefore I stand liable for half of this politically-caused indebtedness. Furthermore, if my husband should die, it is all my responsibility.

And the debt in question is the result of a concentrated political smear campaign which occurred during my husband's candidacy for Congress as a non-incumbent in 1974.

The economic effects to us personally were disastrous. We found our total time consumed month after month in defending against these malicious attacks which included serious and irresponsible charges led by former Congressman Wayne Hays and surreptitious acquisition of our personal credit records by the State Treasurer of the Democratic Party in Idaho.

This drum roll of false accusations and misleading press releases from Washington as well as Idaho almost overwhelmed us and left us no time to manage our personal business operations which resulted in heavy expenses and loses -- a situation which has taken many months to reverse.

Not only were we incurring business losses and heavy legal and professional expenses, but my husband was precluded from earning income because his total effort was required to counter the vicious attacks.

As a result of these false accusations, my husband has had to endure three years of investigations by various federal agencies which have proved nothing but his honesty.

Therefore, faced with this burdensome personal indebtedness, I have as a matter of love for my husband and children and financial preservation of our family insisted upon a financial settlement between my husband and myself legally and properly dividing our property. In part the property settlement provides that my husband assume such debts as those of the family, the home, cars, charge cards and such and that I assume a substantial portion of those debts politically incurred.

This separation of personal finances is done with considerable difficulty to us as a family, not only now but for years to come -- which seems a strange way for you to treat the victims of ugly politics.

However, I do what I must. Let me advise you that as a matter of personal and family survival, I plan to raise funds at an early date to pay my half of the debts in proper and legal fashion. Your arbitrary rules may extend to my husband as a Member of Congress, but I do not belong to that body. I am a free agent with rights and responsibilities of my own and I'll take my case to the courts and to the people if necessary.

Sincerely,

Connie S Hansen

Mrs. George V. Hansen

BRIEFING BOOK EX. 19

RICHARDSON PREYER
6th District, North Carolina

2344 Rayburn House Office Building
Washington, D.C. 20515

Committees:
INTERSTATE AND
FOREIGN COMMERCE

GOVERNMENT OPERATIONS

SELECT COMMITTEE ON
ASSASSINATIONS
Chairman KENNEDY SUBCOMMITTEE

Congreſs of the United States
House of Representatives
Washington, D.C. 20515

DISTRICT OFFICES:
103 Federal Building
Burlington, N.C. 27215

246 Federal Building
Greensboro, N.C. 27401

405 Law Building
High Point, N.C. 27260

Richmond
County

June 8, 1977

Mrs. George Hansen
4700 38th Place North
Arlington, Virginia 22207

Dear Mrs. Hansen:

Thank you for your letter of June 3 advising me of your intention to proceed with a personal fund-raising effort to retire certain debts that you have assumed.

I hope that you will understand that the content of the advisory opinions addressing issues referred to us by your husband were in no way meant to infringe on your civil rights nor on your equality as a woman. Neither were those opinions aimed in any personal way against your husband or your family.

The Code of Ethics adopted by the House on March 2 resulted directly from sustained public criticism of some Members' actions prior to that date. Your statement that Members converted campaign contributions to personal use before the ethics code was adopted is entirely correct. It is also true that such conversion was not prohibitied before March 2 as it is now.

I have asked the Select Committee's Staff Director if our staff is aware of any such conversions since the code was adopted. He advised me that no such situations have been brought to his attention.

Thank you again for your advice and views.

Cordially,

Richardson Preyer

RP:bib

MRS. GEORGE HANSEN
4700 38th Place, North
Arlington, Va., 22207

Dear Friend:

BRIEFING BOOK EX. 20

I'm the wife of a conservative Congressman and I need your help. My family and I are the victims of a long political nightmare and our fight for survival now depends on me. Let me explain why I'm writing this letter to you.

Quite frankly, I'm appealing to your sense of justice and fair play. Here's why.

Three continuous vicious years of personal and political attacks on my husband by powerful liberals and labor bosses led by such people as Wayne Hays have forced us into outrageous expenses and a huge politically-caused personal debt.

My husband, Congressman George Hansen (Idaho), a nationally known conservative leader, has for two straight elections withstood every assault the liberal opposition could muster.

They have charged him wildly and pushed him into investigation after investigation which never proved anything but his honesty. Their ugly attempts even included the use of illegal means to invade our private tax and credit records.

These tactics cost his campaign committee over $400,000 for the past two elections in a state where such races average $75,000 each.

This means our friends and supporters have been forced by dirty tricks and harassment to overspend by a quarter of a million dollars more than we should have needed to win. With great effort most of this campaign money has been raised.

However, the attacks and dirty tricks took their toll personally and we find ourselves faced with a huge politically-caused personal debt similar in amount to the campaign expenditures.

My husband planned to solicit funds to pay these politically-caused personal debts and he submitted his proposal to the Federal Election Commission which found no objection.

But now he has run into the political double standards of Congress! The new House Ethics Committee arbitrarily says he can't raise such funds even though they are for political reimbursement and not for personal gain!

To show the inconsistency of their reasoning, during the same period while my husband was carefully asking permission, one Democrat Congressman transferred $99,000 from his political campaign fund to his private funds. And another fund-raising activity was going on for another Democrat Congressman, raising $22,500 to build a new wing on his house!

My husband has beaten the attacks by the liberals now for three years. They couldn't destroy him by investigation and their harassment couldn't keep him from effectively doing his job or prevent his great achievements in the battle to keep our nation strong and free.

This has been accomplished because of George's dedication and long hours and I've helped him by working full time in his office, without pay, I might add.

However, they have wounded us badly financially, and now have succeeded in stopping him personally from any financial repair, short of resigning from Congress. This is what the liberals want, of course. If they can't defeat you at the polls, it seems they won't quit until they ruin you financially.

Well, they haven't won this battle because I have some rights, too.

Those chivalrous liberals on the House Ethics Committee who are always talking women's rights have just tried to sentence me as a wife and mother of five to an impossible debt burden. But they're not going to get away with it

My husband is abiding by the decision of the Committee--the so-called Club rules. However, I am not a member of Congress and I am not bound by them.

Idaho, you see, is a community property state and I am liable for half my husband's debts and if he should die, I'll have the full burden.

So here's what I've decided. George and I have arrived at a legal and equal division of property and indebtedness where he has assumed the debts of the family-the house, the cars, the charge cards and so forth, which he will pay properly from his pay check.

And I have assumed a substantial portion of those debts arising from the political dirty tricks--debts of hundreds of thousands of dollars--and I urgently ask your help to save my family from financial disaster.

Our three-year battle for survival against the horrors of the liberal harassment will all be for nothing unless I can win this final battle which I have been forced to do by myself.

Please note. I am abiding by the guidelines of my husband's agreement with the FEC--no funds from corporations will be accepted, nor from federal employees, nor in gifts of $100 or more from one person.

I urgently need your help. The burden on us has been unbelievable. Won't you help me by sending as much as you possibly can, $99, or $75, or even $50, $25, or $10?

I promise you that I will deposit your donation promptly into a special bank account I've set up to pay off these debts.

I anxiously await your reply as soon as possible.

Gratefully yours,

Connie Hansen
Mrs. George Hansen

P.S. I'm sending you copies of some of the clippings regarding our situation.

GEORGE HANSEN
SECOND DISTRICT, IDAHO

1125 LONGWORTH BUILDING
WASHINGTON, D.C. 20515
TEL.: (202) 225-5531

COMMITTEES-SUBCOMMITTEES:
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DOMESTIC MONETARY POLICY (RANKING MEMBER)
FINANCIAL INSTITUTIONS SUPERVISION
OVERSIGHT AND RENEGOTIATION

VETERANS' AFFAIRS
CEMETERIES AND BURIAL BENEFITS
MEDICAL FACILITIES AND BENEFITS

Congress of the United States
House of Representatives
Washington, D.C.

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250 S. 4TH AVENUE
POCATELLO, IDAHO 83201
TEL.: 232-0900

MAGIC VALLEY
1641 BLUE LAKES BOULEVARD NORTH
TWIN FALLS, IDAHO 83301
TEL.: 734-6466

WESTERN IDAHO
442 BORAH FEDERAL BUILDING
304 NORTH 8TH STREET
BOISE, IDAHO 83701
TEL.: 384-1576

May 9, 1978

BRIEFING BOOK EX. 21

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2

Dear Mr. Chairman:

By reason of information which appeared in a May 7th newspaper in my Congressional District I have been subjected to innuendo that my recent Financial Disclosure Statement filed pursuant to Rule XLIV is in some manner inadequate or incomplete. I immediately contacted Staff Directors Donald Terry of the Select Committee on Ethics and John M. Swanner of the House Committee on Standards of Official Conduct and certain Members of those committees to protest the quotes ascribed to a staff member in that article.

At my request I met with Mr. Terry and Attorney James Haltiwanger of the Standards Committee Monday afternoon in company with my Attorney James T. McKenna. Mr. Haltiwanger advised me that the reporter in question, Mr. David Morrissey of the Twin Falls Times News, had telephoned him several times last week and that he had answered all questions in a purely hypothetical manner. He stated that the reporter had misused the quotes, leaving out the essential hypothetical nature of the answers and most particularly he had omitted Mr. Haltiwanger's statement that my report was complete on its face and that he knew of no irregularities. Mr. Haltiwanger said that on Thursday the conversation was so warped he was compelled to tell the reporter that his contentions were a lie and believes it possible that he was named in the article as an act of vengeance.

While there is no doubt as to the sincerity and integrity of Mr. Haltiwanger, the misuse of the quotations has the potential for causing me great embarrassment. You will remember that prior to arranging my affairs in order to satisfy the requirements of my situation, that your committees were kept advised at all times of the manner in which I planned to proceed and then of my wife's intended course of action and the details of her decision.

At considerable expense I retained legal counsel to procure a ruling from the Federal Election Commission and to assure my compliance with the legal matters under jurisdiction of the Justice Department before moving to satisfy the rules and standards of the House as administered by the Select Committee on Ethics and the Committee on Standards of Official Conduct.

My entire course of action was predicated upon conforming to the law and to the rulings of both committees, and my wife has proceeded likewise when it became necessary for her to act independently. We executed a specific property division agreement effective in June 1977 in compliance with the law and House Rules to enable each party to be free of any "constructive control" of the other. This was done at my wife's insistence that her civil rights were being violated by arbitrary Congressional Rules threatening her survival and that she was entitled to independently protect and provide for herself by her own devices.

This property division agreement was not arbitrarily or opportunely made for reporting purposes but rather done at an early date to satisfy House Rules and according to legal guidelines. Nevertheless this created an exemption of spouse reporting according to Rule XLIV which states, "The interest of a spouse or any other party, if constructively controlled by the person reporting, shall be considered to be the same as the interest of the person reporting."

Rule XLIV under provisions adopted effective July 1, 1977 further states, "Each report shall also contain information listed in paragraphs 1 through 5 of this part B respecting the spouse of the person reporting which information relates to items under the constructive control of such person."

Advisory opinion #12 issued December 1, 1977 specifically acknowledges the exclusion of spouses not under "constructive control" in providing additional detailed requirements for spouse disclosure--requirements which clearly do not apply to those not under "constructive control" as in the case of my wife whose financial situation has been legally separated from my own.

Any disclosure of my wife's interests now by me is not possible and would be an infringement upon her legal independence and privacy and unilaterally abortive of the settlement agreement made earlier in compliance with House Rules.

I am confident that my filing, done carefully with advice of legal counsel, is completely in accord with the appropriate Rules of the House and in accord with the course of action of which we have kept your office completely advised. At this time I respectfully request confirmation of the validity of my report.

In addition, my filing was made timely and in good faith and comments by staff with the potential for severe damage to me and to my wife are particularly inappropriate. This is not the first time the Ethics staff has been victimized by designing elements of the press where I am concerned and I must assume that Mr. Baltivanger joins with me in condemning the shoddy reportorial technique which produced the article of which I complain. I would expect that your committees will take early steps to correct the record in this matter.

Sincerely yours,

George Hansen

GEORGE HANSEN
Member of Congress

GH:mw

cc: Hon. Charles E. Wiggins
Ranking Minority Member
Select Committee on Ethics

Hon. Bill Frenzel
Member
Select Committee on Ethics

Hon. John J. Flynt
Chairman
Standards of Official Conduct

Hon. Floyd D. Spence
Ranking Minority Member
Standards of Official Conduct

4700 38th Place North
Arlington, Virginia 22207

May 11, 1978

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2
Washington, D. C. 20515

BRIEFING BOOK EX. 22

Dear Mr. Chairman:

A property settlement agreement between me and my husband, Congressman George Hansen, effective in June of 1977 was duly executed in accordance with Idaho law.

This was done necessarily to protect my civil rights, personal privacy and individual financial right to survive.

Assets and debts assumed by me were precisely what an equitable legal division would allow, and nothing else.

Having gone to this trouble and expense I consider myself an independent citizen absolutely and legally not under the "constructive control" of my husband. And I might add, he is also an independent citizen not under my "constructive control."

I plan to take care of my financial needs and problems in accordance with the law and the highest standards of ethics and will in no way be adversely influencing my husband's life or responsibilities as a Member of Congress or whatever capacity he might hold.

But beyond this, what I do with my private life is legally my private business. I am not a Member of Congress and have no further obligation to you or your committee.

What my husband does may be yours to supervise, but he is in no legal position to involve me.

Sincerely,

Connie Hansen

(Mrs.) CONNIE S. HANSEN

GEORGE HANSEN
Second District, Idaho

1123 Longworth Building
Washington, D.C. 20515
Tel.: (202) 225-5531

Committees-Subcommittees:
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Medical Facilities and Benefits

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House of Representatives
Washington, D. C.

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Twin Falls, Idaho 83301
Tel.: 734-6466
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442 Borah Federal Building
304 North 8th Street
Boise, Idaho 83701
Tel. 384-1876

June 2, 1978

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2

BRIEFING BOOK EX. 23

Daer Mr. Chairman:

On May 9th I wrote to you regarding my Financial Disclosure Statement, recently filed as required, apprising you of a recurring problem of improper disclosure by Ethics and Standards Committee staff members of information regarding my situation and requesting a confirmation of the validity of my report as filed.

The real problem as I then stated is the obvious determination of some elements of the press, irregardless of time and finances involved, to actually stir up problems for me.

I enclose two recent press releases which are typical and which demonstrate my point, one from the Idaho State Journal of 5-8-78 and one from the Idaho Statesman dated 5-12-78. Each picks up where the ill-advised and twisted Morrissey article of May 7 leaves off. They not only rehearse the scenario set by Morrissey, but they suggest the means to push a complaint against me.

If you question the use of the phrase "push a complaint," then please read the first paragraph of the Statesman article by Bill Dietrich of the Gannett News Service. In phrasing which is nothing less than an invitation to action, the paragraph begins, "a formal complaint from a member of the public will probably be needed..."

Now if you will place this in context with the enclosed statement from Committee Attorney Jim Haltiwanger, you will see what is happening to the Committee and to me. We are both being manipulated into unnecessary and embarrassing circumstances which have little or nothing to do with ethics or proper disclosure.

Now this isn't new to me, Mr. Chairman. In fact, this has been the name of the game for four years now, four years of phony charges by my political opposition, phony charges given distorted credibility and sensational coverage by scandal-mongering and politically-oriented elements of the press.

Fighting these trumped-up charges has cost me a fortune and is the reason why my case ever came before you in the first place.

I had hoped not to get into all the problems of the past particularly because of the questionable involvements of certain elements here in the Congress, but it now appears that it is necessary to tell you where it all began and what it is about. And you might keep in mind how such selective political persecution could also happen to you or any Member of Congress or any aspiring candidate.

In 1974 I was involved in a primary election with an incumbent Congressman who coincidentally was a Member of the House Administration Committee and a good friend of its Chairman Wayne Hays. I had been a Member of Congress for two terms in the sixties before dropping out to run unsuccessfully for the U.S. Senate in 1968. I subsequently spent three years in an administrative position with the U.S. Department of Agriculture and then returned to private business for another three years before again running for Congress.

The 1974 race was one which received some national exposure because the candidates were all named Hansen. It was George Hansen vs. Orval Hansen in the Primary and George Hansen vs. Max Hanson in the General.

My Primary election success against the incumbent Orval apparently came as a shock to him and certain of his supporters who reacted quite bitterly.

Certain people close to the defeated incumbent wrote letters of complaint to the Clerk of the House and House Administration Committee making random complaints about my campaign reports which, of course, prompted inquiry.

A team came to Idaho at the close of the Primary election in early August 1974 including Mr. John Warren McGarry, personal investigator for Wayne Hays, who never adequately identified himself as any more than an observer.

This group returned to Washington giving the impression they were reasonably satisfied that campaign reporting was adequate and asking that I clarify certain matters regarding the nature of a number of small checks received--checks ranging from $10 to $200 which needed clarification as to whether corporate funds were involved (the FBI later established the funds were not corporate and therefore legal.) I gave them copies of the checks at my own expense, copies that were not even required to be kept.

Before any clarification was possible the press reported that McGarry had appeared before the HAC (this was Tuesday morning and he had been in Idaho only two days before on the weekend) and charged massive campaign violations mostly involving the checks, but so much fabrication and distortion in the material presented to the committee and in statements and actions thereby prompted that my attorney soon found it necessary to threaten legal action against Hays and the Committee to put an end to this exploitive behavior and stabilize the situation.

Hays was engaging in his usual extroverted display which, of course, produced screaming headlines in the media and I was immediately made to look grossly guilty of something without ever having opportunity to directly or indirectly present my side of the issue. Certain non-Idaho Members of Congress on the House Administration Committee seemed to become instant experts on Idaho law publicly suggesting that I resign so my opponent, a member of the committee, could be reinstated on the ballot for the General Election.

Hays, it should be remembered, was fighting Common Cause and others to retain his czardom over elections and other House activities and was using select examples to point out the adequacy of the existing laws and rules. Press releases at the time showed this to be central to his thinking, however the welfare of my defeated primary opponent who served on his Committee and who was his good friend certainly only made the matter more to his liking as other records show.

In an attempt to get out of Hays' political shooting gallery and before an objective forum, I contacted certain HAC Members and asked that they refer the matter to the Justice Department as quickly as possible. The atmosphere was so poisoned that Hays couldn't avoid such action and the Federal Bureau of Investigation soon appeared on the scene. Of course, the press played this unanimous referral to the Justice Department as evidence of apparent guilt rather than need for an impartial forum for developing factual information.

In the meantime I was tipped off by my Democratic General Election opponent that my Republican Primary Election opponent had asked a certain prominent Democrat businessman to get my credit report. This was done by Pocatello businessman Mel Morgan who was the Democratic State Treasurer in an apparent illegal act that prompted a second and concurrent FBI Investigation which resulted in action to prosecute.

A lawsuit resulting from this purloining of my credit report is currently active and was recently heard before the U.S. Court of Appeals in San Francisco on May 12, 1978.

Depositions and Court records show the credit report was sent from Pocatello to Mr. Morgan in Los Angeles who upon receiving it took it immediately to Washington for personal delivery to Orval Hansen (who had requested the report). Orval then turned this illegally procured report over to John Warren McGarry for transmission to Hays, a particularly dangerous operation actually involving an official body of the House of Representatives in an apparent violation of the law and basic right of privacy.

However, this violation of the civil rights and privacy rights of me and my wife in the 1974 Congressional election was not confined to the credit report; it happened several times regarding our private bank accounts. Even Internal Revenue Service confidentiality was obviously breached, a situation which developed in the 1976 election into a wholesale illegal and erroneous IRS disclosure of my income tax filing records, disclosure which is now being investigated and prosecuted by Federal Agents.

In 1974 the FBI was pushed back into the field on my case time and again by Hays who wasn't satisfied that they had found nothing more than possible minor unintentional bookkeeping errors common to most any political campaign. However, this was finally certified to Hays in a letter from the Acting Attorney General who verified that after an exhaustive investigation that there were no felonies found.

A baffled federal judge in U.S. District Court proceedings on April 25, 1975, expressed repeatedly, "I can't conceive that the Government would have brought this case if that's all that was involved in it." and "I can't conceive that if all that was done in this case was simply to make a mistake between reporting personally and reporting properly by committee, and that it was reported properly in all, that the Government would have brought the case. I just can't conceive it."

The Judge was then told, "What's before your Honor right now is what is the end product of a very exhaustive investigation" and "that was not the result of plea bargaining..." The matter of being singled out for selective application of justice was discussed in light of reports that thousands of similar infractions common to most campaigns including "the other four candidates in Idaho" had never come before the Courts. It was then stated "Justice has to act when something is brought to their attention. And the man that Congressman Hansen defeated in the Primary, a Mr. Orval Hansen, who was no relation to him, is on the very committee... that reported this matter to the Justice Department."

The Court admitted to its own error in an earlier hearing on this case when it attempted to impose a jail sentence by stating, "I must say that when this case came along, it seemed to me like a proper case to try by deterrents to stop some of the things that had been going on. Now if I have used the improper technique to do this, then I will reconsider the matter."

The Court's reconsideration concluded that "although the wrong committee made the report of receipts and expenditures, that a correct reporting of the receipts and expenditures was made" but that didn't prevent a continued application of selective justice, assessing of a fine of $1000 on each of the two counts which is excessive and unreasonable by all contemporary standards.

Compare my situation where only unintentional, technical bookkeeping errors are involved with all funds accounted for, and the numerous other publicized cases of recent years where smaller fines and penalties (or none at all) were given for problems much more serious than mine, such as non-filing, non-disclosure, receipt of large and corporate funds.

And I am not just speaking of House Members, I am also referring to Senate races such as the 1974 bid for re-election in Idaho of a seasoned veteran who had a key financial committee miss several reporting periods without repercussion and again in 1976 as a presidential candidate he experienced several significant publicized reporting deficiencies without penalty. The 1976 Presidential campaigns of Jimmy Carter, Gerald Ford and Ronald Reagan also experienced several large campaign report discrepancies without suffering a personal assault on their character and integrity or an unending series of politically prompted and financially burdensome government investigatory fishing expeditions into their personal and public activities.

Perhaps the most recent case-in-point to illustrate the overkill I experienced is that of White House assistant Midge Constanza, who with serious intentional violations involving a large amount of money was only fined $500 by the FEC, and then only reluctantly.

Defending myself against all of this left me and my campaign deeply in debt. By early 1976 the campaign fund alone was $90,000. in the red. To rectify this, I launched a nationwide direct mail campaign fund-appeal which successfully paid off the debt by attracting thousands of contributors.

The contributions were generally small and too numerous to itemize on reports which only require such itemization of contributions over $100 in guaranteeing the basic right of privacy to small donors. Nevertheless, sensing the blood of a wounded prey after the dirty tricks of the 1974 election, the opposition complained to the FEC of non-disclosure and played to the press about a huge coverup of campaign funds.

Of course there were large amounts received, but little more than enough to pay off the debts of the previous campaign investigation and the cost of new charges lodged with the FEC.

The funds, available for actual campaign use after "survival costs" were deducted for legal, professional, and other related fees and bills, were less than adequate. We had to win the past two hotly-contested elections without even an ad on TV while the opposition had substantial messages appearing on the seven major commercial stations in the District, not to mention the educational channels.

The absence of this kind of media, to offset the continued untrue and distorted charges by the opposition of irregularities in my campaign finance reports, income tax filings, and other matters of finance, obviously put my campaign efforts at a distinct disadvantage.

Of course the FEC finally announced several months after the election on April 1, 1977, that there had been no campaign violations by either me or my committee. And in September of 1977 I received a letter of apology from a high ranking IRS official for an improper disclosure of my tax filing records, a disclosure that contained serious error and which was grossly distorted and sensationalized in the press.

While some political strategists may believe in the dirty-tricks strategy of keeping an opponent and his organization tied up in terms of time and money by making unfounded charges, I personally believe such practices are destructive of our process of self-government. And worse yet, when such tactics are accompanied by the breaking of the law, it is reprehensible and must be stopped immediately.

For nearly four years this has been happening to me. It began in the 1974 primary election with irresponsible charges made to the House Administration Committee and elements of that committee being involved in the apparent illegal invasion of my credit report. Then during the general election shaded allegations were made regarding my income taxes which, considered in light of events during the 1976 election, would suggest probable illegal disclosure.

In the 1976 election, charges of violations of campaign Reporting requirements were washed out as mentioned above, but the fact that complaints were made directly and indirectly to the FEC by officials of my opponent's organization without being recognized and his campaign also being investigated equally as required by law is a matter of concern.

The end of the 1976 campaign, however, brought a massive invasion of my Federal tax filing records involving key and high ranking officials of the Internal Revenue Service, my opponent's campaign organization and elements of the press. Internal Revenue Service investigation records show that a Chief of Intelligence improperly disclosed information regarding my tax returns to the Treasurer of my opponent's campaign upon his apparently illegal request, information which was elaborated on to Members of the press by the District Director of Internal Revenue which resulted in highly derogatory publicity some two weeks prior to the general election. The information was not only illegally procured, it was erroneous and should have been declared invalid by the District Director rather than expanded.

Subsequent investigation not only confirms the above but discloses that the Treasurer of my opponent's 1976 campaign, who is his campaign Chairman for this 1978 election, is an attorney, an officer of the Court, which compounds his apparent violation of the law with a problem of professional ethics. This person is shown by the investigation to have been involved for some ten years in discussion with IRS personnel regarding my taxes and to have demanded an investigation of me using illegally-procured inaccurate information.

This person is a member of the law firm which is defending Mel Morgan on the violation of my credit report, a campaign official for my opponent who has written letters of complaint against me to the Federal Election Commission, and a party to an apparent violation of the Internal Revenue Code for the Privacy Act.

The Internal Revenue Service has been investigating their obviously leaky operation for some 20 months with some punitive action already in process. In the meantime, they have officially requested, first at the state level and now at the Federal level, a Grand Jury to further expand the probe as necessary because of questionable involvement of elements of the press. The Federal Bureau of Investigation has also requested action by the Department of Justice regarding the apparent violations of law.

The Justice Department is looking into the matter, but with about the same pace and passion that gave them a black eye in the Marston situation.

In the meantime, this political use of the Internal Revenue Service in my case and others which I now have documented is being brought to the attention of other appropriate committees of Congress for corrective action. You can be certain that I have complete inspection reports, court records and other legal support for the information contained in this letter.

As I mentioned on page two of this letter, I had not previously thought it necessary to burden you with the full circumstances surrounding the unusual situation I sometimes present to your consideration. However, I have concluded that it is important that you know that, because of investigations of my detractors, and because of the current lawsuit before the

Court of Appeals, and because of possible legal action yet to be taken in any of the incidents heretofore mentioned which could involve legislative or executive entities of the Federal Government as well as private parties, I am not in position to provide more information to your committee or anyone else than the law requires.

This must be so until this ordeal is over and until I receive valid assurances that I am not still going to be victimized by partisan or designing individuals in whatever capacity.

I have had the bitter course with the former Chairman of the House Administration Committee who denied me due process in his deliberations and who made premature and unqualified public accusations and judgments in the press which were later disproven, not to mention the problem of selective justice where I encountered in the pressure exerted on the Justice Department and on the Court. And worse yet, to be subjected to an illegal investigative fishing expedition dignified by apparent cooperation of elements of a Congressional committee is, at the least, shocking.

I am only concerned that I or any other citizen receive just and fair treatment, but this can only be accomplished with a non-political Justice Department and an ethical Congress not bogged down in partisanship or the "buddy system."

I remind you that despite periodic audit activity by the IRS and despite the intense political interest previously noted by the District Director of IRS for Idaho, to this moment I have never been shown to owe one penny to IRS. Despite two investigations by the FEC, I have been thoroughly cleared of any misconduct under Federal election law.

Despite investigations by the Justice Department as noted, never have I been accused of an act impugning my personal integrity. Despite intense and improper activity by some elements of the HAC, the total of any discrepancies found was the filing of a campaign report on the wrong form and filing one report late (and even in that incidence the report was filed in cycle and well before the election).

It does seem strange that all of the allegations against me have been made conveniently proximate to a primary or general election. A normal human being might be forgiven for becoming suspicious of the intent and motivation of such conveniently-timed activities.

I have confidence that you share my concern and can profit by understanding the magnitude of the ordeal my family and I have experienced for nearly four long years.

Sincerely,

George

GEORGE HANSEN
Member of Congress

Possible violation of ethics code

Hansen report may be incomplete

REP. GEORGE HANSEN
. . . wife's debts unlisted

By DAVID MORRISSEY
Times-News writer

Second District Congressman George Hansen may be in violation of House ethics codes for not reporting debts of his wife, an attorney with the House Committee on Standards of Official Conduct said Friday.

Although a formal determination of a violation would have to be made by the full committee, a question exists whether Hansen's ethics reports contain all necessary information, committee staff member and attorney Jim Halliwanger said.

Should a determination be made that an intentional violation of the codes has occured, it is possible the congressman might face legal penalties, including fines and imprisonment. A determination that an unintentional violation has occurred might result in Hansen being asked to file additional information with the House Committee on Standards of Official Conduct.

The new codes of ethics, passed by the House last year, went into full force May 1. On that date congressmen were required to file disclosure reports listing most assets and debts. The intent of the codes, representatives said last year, was to ensure voters recent sexual and monitary scandals in the Congress were a thing of the past. The reports require congressmen to make public most private holdings which might be interpreted as a conflict of interest.

One part of the new codes, which were formulated by the temporary Select Committee on Ethics, require a congressman to list debts and assets of a spouse unless those debts or assets were acquired by the spouse in a manner totally independent of their relationship to the congressman.

Hansen's report, filed last week, lists debts owed to seven banks, one law firm and one certified public accountant. Those debts are not required to be itemized by specific dollar amounts, but rather are listed as falling into amount categories, showing the debt is less than one specified figure but greater than another amount. Hansen's debts were listed as totaling between $30,000 and $100,000.

But last year Hansen and his wife legally divided their debts and assets, prior to Mrs. Hansen beginning a nation-wide fund-raising effort to pay her half of their personal, non-campaign debts.

"George and I have arrived at a legal and equal division of property and indebtedness," Mrs. Hansen wrote in a fund-raising letter last year, "I have assumed a substantial portion of those debts arising from the political dirty tricks

(Continued on p.A2)

Hansen info in question

(Continued from P. A-1)

— debts of hundreds of thousands of dollars."

This division of debts and assets, Congressman Hansen told the Times-News last week, means the debts and assets assumed by his wife — which she says total "hundreds of thousands of dollars" — do not have to be filed in his ethics report. Hansen declined to disclose what debts and assets had been assumed by his wife.

Asked about Hansen's statement, Halliwanger said "my impression is that the congressman is probably incorrect." Halliwanger stressed, however "I'd have to see the specifics of the case before I could say if it had to be reported," but added a question about the Hansen case seems to exist.

Halliwanger said no specific question had yet reached the committee about the Hansen filing, adding the reports only became available on Thursday. But the full committee will soon be considering all allegations of improper filings in the new reports, he said.

If any Congressman is determined to have knowingly filed false reports he might be determined to be in violation of sections of the United States Code, Halliwanger said. If an unknowing violation has occured, a congressman would probably just be asked to file the additional information in his reports, he added.

In 1975 Hansen pleaded guilty to criminal misdemeanors, admitting he had not reported campaign contributions and expenditures. Originally sentenced to serve two months in jail, that sentence was suspended and replaced with a $2,000 fine.

May 1979

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1:00 Rd. IHMO Malheur Rm.	1 Decide what to do w/ the Hansen v. [illegible] case 4:00 Conf call w/ Watt, Rex Lee, Dave West & Steve [illegible] & Larry [illegible]	2 10:00 Phil leave open phil 4:00 Jack Frink	3 MSLF Denver	4 7:30 breakfast at [illegible] 8:30 Larry Wa[illegible] 9:00 [illegible] Burke 11:00 Steve Darry AG's call Clayton [illegible] 744-0154 / AM Tax break	5 Work on Hansen v Morgan Bottom Research 1978 Ethics in Government Act
6 Hansen v Morgan	7 Copy of IX re AM Hearing [illegible] in Hansen v Morgan Bosses Luncheon 4:00 Larry Williams 9:00	8 - [illegible] - [illegible] — Philharmonic	9 8:00 Firm meeting [redacted] Best Case Kevin 4:00 Boise City Hall Dinner ~~[illegible]~~ 8:00	10 leave open 5:30 — Hm School Play	11 9:00 Larry Williams [illegible] 1:30 of Philharmonic	12
13 Mother's Day	14 9:00 Roy Kuhn 2:00 Byron Meridith 948-1022 ~~4:00 Larry Williams~~	15 [illegible] App[illegible] 11:00 [illegible] for Viking [illegible] 3:00 Ida. Deleg. to White House Conf. on Small Bus. - [illegible] Idaho Leg. [illegible] J&E 6:30 Assoc. [illegible] & Contractors Royale Inn Frank Morrison	16 9:00 - Larry Williams Lunch w/ LS & JS pm leave [illegible] for Lloyd Schaeffer & [illegible] IRIN [illegible]	17 Philharmonic - [illegible] -SBA- [illegible] Riley's Sdt Kirk Shuler - [illegible] 5:00 [illegible]	18 9:00 Roy Kuhn 10:00 [illegible] 10:30 — John Mitchell Lunch Brent Small Firestone — PAA PAA Firestone	19
20 John Bates Lease LOISE PALA	21 8:00 Firm Meeting 8:45 — Rex Lee 9:00 — Morgan 8:00 [illegible] 744-7849 — [illegible] — [illegible] 1st Bd MEETING Philharmonic	22 OSHA trip Trip to Wash D.C	23 OSHA trip Sheraton Park! Bd Mtg 8:00	24 Sheraton Park Hotel Connecticut Ave.	25	26
27	28 [illegible] - Kirk Shuler - [illegible] Memorial Day	29 4:00 Lloyd Schaeffer [illegible] Shuler	30 1:30 Lloyd S.	31 [illegible] Olms. ~~[illegible]~~		

NOTES
- Motion for [illegible] ??
- [illegible]
[illegible] for AG opinion for Nolan Miller
[illegible]
- [illegible] on basis of [illegible] settlement [illegible]
Prepare docs for Larry Williams — [illegible]

BRIEFING BOOK EX. 24

Note-a-Date®

G4a.

BRIEFING BOOK EX. 25

HAND DELIVERED

RECEIVED
15 AM 11 22
OFFICE OF
U.S. HOUSE OF REPRESENTATIVES

UNITED STATES HOUSE OF REPRESENTATIVES

Office of the Clerk
Washington, D.C.

ETHICS IN GOVERNMENT ACT OF 1978 (2 U.S.C. §§ 701-709)

FINANCIAL DISCLOSURE STATEMENT

GEORGE V. HANSEN
(Full Name)

1125 LONGWORTH
HOUSE OFFICE BUILDING
(Mailing Address)

WASHINGTON, D.C. 20515

ID # ML
(OFFICE USE ONLY)

☐ Check if this is an amended Statement.

INDIVIDUAL REPORTING STATUS

(Check one only)

☒ MEMBER OF U.S. HOUSE OF REPRESENTATIVES—DISTRICT 2 STATE IDAHO

☐ CURRENT OFFICER/EMPLOYEE/PRINCIPAL ASSISTANT—EMPLOYING OFFICE ______

☐ NEW OFFICER/EMPLOYEE/PRINCIPAL ASSISTANT—EMPLOYING OFFICE ______

NOTE: Requirements for new officers/employees/principal assistants differ substantially from those of Members of Congress and current officers/employees/principal assistants. Please read Instructions on reverse side carefully.

May 15, 1979
(Date)

George Hansen
(Signature)

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. See 2 U.S.C. § 706 and 18 U.S.C. § 1001.

RETURN COMPLETED COVER PAGE AND STATEMENT
(WITH 2 COPIES OF EACH) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

[illegible]

ETHICS IN GOVERNMENT ACT OF 1978—FINANCIAL DISCLOSURE STATEMENT

Name of Person Filing GEORGE V. HANSEN Page 2 of 3

NOTE: See reverse side for Detailed Filing Instructions and Exemptions. If additional space is required, use continuation sheets provided. Complete all parts. (If None, so indicate)

SECTION I

A. INCOME (including honoraria) from any source received during preceding calendar year aggregating $100 or more in value. Exclude income from current U.S. Government employment.

SOURCE	TYPE (salary, pension, honorarium, etc.)	AMOUNT/VALUE
New York Life Ins. Co.	deferred commissions	$ 965.62

B. INCOME from dividends, interest, rent, capital gains including trusts or other financial arrangements, received during the preceding calendar year exceeding $100 in value. NOTE: For Section I.B. indicate Category of Value: Category I—$100.01–$1,000; II—$1,000.01–$2,500; III—$2,500.01–$5,000; IV—$5,000.01–$15,000; V—$15,000.01–$50,000; VI—$50,000.01–$100,000; VII—Over $100,000.

SOURCE	TYPE	CATEGORY OF VALUE (I, II, III, IV, V, VI, VII)
Family Estate	legacy	II
U. S. Government	Interest	I

SECTION II

A. GIFTS of transportation, lodging, food or entertainment aggregating $250 or more in value received from any source during the preceding calendar year.

IDENTITY OF SOURCE	BRIEF DESCRIPTION
Council for InterAmerican Security	transportation and related expenses for two-day fact-finding trip to Panama — Sept. 22.

B. GIFTS other than transportation, lodging, food or entertainment aggregating $100 or more in value received from any source during preceding calendar year.

SOURCE	BRIEF DESCRIPTION	VALUE
None		

C. REIMBURSEMENTS received from any source aggregating $250 or more in value in preceding calendar year.

IDENTITY OF SOURCE	BRIEF DESCRIPTION
None	

NOTE: For Sections III–V below, indicate Category of Value: Category I—$1,000.01–$5,000; II—$5,000.01–$15,000; III—$15,000.01–$50,000; IV—$50,000.01–$100,000; V—$100,000.01–$250,000; VI—Over $250,000.

IMPORTANT—For new Officers and Employees Only: In Sections III, IV, VI, and VII, the Reporting Individual Should List the Information Required as of Date Not More Than 31 Days Prior to the Date of Filing. The Information Listed Below is Current as of ______________ (Date)

SECTION III

INTEREST IN PROPERTY HELD during preceding year in a trade or business, or for investment or production of income including trusts or other financial arrangements with a fair market value exceeding $1,000 at the close of the preceding calendar year.

IDENTITY	CATEGORY OF VALUE (I, II, III, IV, V, VI)
None	

SECTION IV

LIABILITIES (total) owed to any creditor which exceeds $10,000 at any time in the preceding calendar year and any revolving charge account with an outstanding liability over $10,000 at the close of the calendar year.

IDENTITY	CATEGORY OF VALUE (I, II, III, IV, V, VI)
See continuation sheet	

SECTION V

PURCHASE, SALE OR EXCHANGE during the preceding calendar year which exceeds $1,000 in real property, stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY OF VALUE (I, II, III, IV, V, VI)
None		

SECTION VI

POSITION HELD on or before date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or educational or other institution other than the United States.

POSITION	ORGANIZATION
None	

SECTION VII

AGREEMENTS AND ARRANGEMENTS with respect to future employment, leave of absence, during the period of the reporting individual's Government service, continuation of payments by a former employer other than the U.S. Government, and any continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS
N/A		

FDA-1

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

GEORGE V. HANSEN
(Name)

CONTINUATION SHEET

Section	Indicate: Date/Source/Identity/Brief Description/Type/Parties To/Terms (As Applicable)	Indicate: Amount/Category of Value/Value (As Applicable)
IV	Bank of Idaho	II
	First Bank and Trust	II
	National Bank of Washington	II
	First Security Bank	III
	Idaho State Bank	III
	Idaho First National Bank	IV

FDA-3

G28

FILE COPY

CUSTOMER NAME (Business or Individual): CONNIE S. HANSEN

SEND MAIL TO: ☐ Business ☒ Home

BANK REFERENCE: 1st American Bank, Arlington Va

NAME & POSITION OF OFFICER CONTACTED: Kathryn Eckhardt

BRANCH OFFICE: 32

ACCOUNT NO.: 32008

R.R.:

FEDERAL IDENTIFICATION NO.: 498 34 1691 ☐ I.R.S. ☒ S.S.

DATE ACCOUNT OPENED: 1 | 16 | 79

CREDIT REPORT REQUESTED: ☒ No ☐ Yes

TYPE: ☐ RCC ☐ D & B ☐ Other

RESIDENTIAL ADDRESS

STREET & P.O. BOX NO.: 4700 38th Place North

CITY: Arlington, STATE: Va ZIP: 22207

TELEPHONE NO.: 703 532 7833

SOURCE OF ACCOUNT: ☐ Walk In ☐ Call [illegible]ill ☒ Direct ☐ Advance Lead ☐ Referred by

BUSINESS ADDRESS

STREET & P.O. BOX NO.:

CITY: STATE: ZIP:

TELEPHONE NO.: 202 225 5531

CARGILL [illegible] INFORMATION

DUTS:

VOLUME:

EMPLOYER OR FIRM AFFILIATION: Housewife (Husband: Congressman George Hansen, Idaho)

NATURE OF BUSINESS:

OCCUPATION OR POSITION HELD:

OVER 21: ☒ Yes ☐ No

APPROXIMATE AGE:

CUSTOMER BUSINESS ANALYSIS

SALES (Dollars):

IS CUSTOMER A DIRECTOR, OFFICER OR CONTROLLING STOCKHOLDER OF A CORPORATION: ☒ No ☐ Yes (Company and position held)

IS CUSTOMER RELATED TO A C.I.S. OR CARGILL OFFICER OR EMPLOYEE: ☒ No ☐ Yes (Give name and relationship)

PRODUCTS:

IS CUSTOMER U.S. CITIZEN: ☐ No ☒ Yes

IS CUSTOMER A NON RESIDENT ALIEN: ☒ No ☐ Yes (What country)

SPOUSE'S NAME: George Hansen

SPOUSE'S OCCUPATION: Congressman

SPOUSE'S EMPLOYER: U.S.

COMMODITIES:

ACCOUNT INFORMATION: ☐ Cash ☒ Margin

OTHER BROKERS (If any): n/a

TYPE OF TRADES: ☐ Hedge ☐ Spread ☒ XXXX Speculative

PROFITS:

BRIEFING BOOK EX. 26

E OF AUTHORIZED PERSON OPENING THE ACCOUNT: Connie Hansen

CUSTOMERS (Approximate)

NET WORTH	ANNUAL INCOME
☐ Under $20M	☐ Under $10M
☐ $20M - $50M	☐ $10M - $20M
☐ $50M - $100M	☐ $20M - $50M
☐ $100M - $250M	☐ $50M - $100M
☒ Over $250M	☐ Over $100M

EMPLOYED BY: n/a

PLANS:

PERSON AUTHORIZED TO ENTER ORDERS: Connie Hansen

EMPLOYED BY: n/a

OTHER: Watch activity in the account very closely. Keep Connie Hansen posted.

CORPORATE RESOLUTION TO TRADE SIGNED BY (Officer & Title):

SOURCE OF INFORMATION:

LEGAL DOCUMENTS SIGNED:
- ☐ Corporate Authorization
- ☐ Trading Authorization
- ☒ Commodity Agreement
- ☐ Margin Agreement
- ☐ Joint Account Agreement
- Risk Disclosure Statement

R. R. SIGNATURE:

OFFICE MANAGER SIGNATURE:

C.I.S. OFFICER SIGNATURE:

G-31

BRIEFING BOOK EX. 27

2:44 Irene [illegible] Securities [illegible] actual
Bond [illegible] that [illegible]
[illegible]
[illegible] Check & Comex [illegible]
* 1-11-79 Gold Ldn. 221 [illegible]
As of Close 1-10-79
32001 E [illegible]
32002 - 0
[illegible] - Very quiet Amer Comex buying [illegible] @ 605.5
- 90 lots - WAIT [illegible]
G +20-25 J +50
9:22 Cert - looking for M-1 increase anywhere from 1 to 5 bil
11:41 Lindsey Johnson - develop a Retirement Community in DC - Have dev. facility for Churches & Non-Profit grps. 3 yr. project = 300 Units - Health Care Dining, Recreation, etc. to sold on Condominium basis. $300,000 initially to acquire land & pre-sale of development. Certif of credit to [illegible]
12:11 [illegible] old 200 lots [illegible] - locals [illegible]
12:44 Paine Weber & Hutton - good sellers in Ser.
12:54 Paine Weber, Hutton & Dean Witter - 263 all [illegible]
1:18 Ser - Continued Comex [illegible] selling
* 1-12-79 Gold Ldn. 216.60 - 4.60
As of Close 1-11-79
32001 Exc [illegible]
32002 Exc 67M
8:34 Comex [illegible] to little [illegible] around
8:37 Bot +100.
9:40 Cert [illegible] + Trade buying showing
9:35 Kal - Ser. all locals, Chart buying

Where stks -	Comex	Chicago	Ldn.
1-8-79	59,023,000		22,970,000 +10,000 Avg 1.5
1-9-79	59,151,000		
1-10-79	59,071,000		
1-11-79	57,319,000		
1-12-79	57,309,000		

Bank [illegible] 1/2 G 250 [illegible]
605
596.5
8.5 [illegible]

5 97.20
8.7

Hogs - Weather are hot and dull gradually
Very dry [illegible]
8 [illegible]
[illegible] 955 [illegible]
[illegible]
[illegible] 5150

* 1-15-79 Gold - Ldn 216.85 - .87 [illegible]
as of close 1-12-79 [illegible]
32001 Call 215.19
32002 Call A6.44

8:39 Copper - 300 to 500
8:46 Cot Emissions - Very slow - 272 - 295 - 185
only 126 H for Chicago delayed opening, 3 ft snow - pkg drifts -
Omaha Cycans steady 95%. Cash Cattle 59% slow
12:39 Comm. hse buying, Overseas bot earlier - now into some liquidating.

* 1-16-79 Gold - Ldn 219.00 + 2.95
as of close 1-15-79
32001 Call A75.19
32002 Call 36.44.

178,055 195 H seen on open 132 - 135 over Comm hse buy
08.50 mtg more @ 621
9.80 ~~Cattle C to I - buy H 200 Nth NH Hall @ 87~~
~~Cattle I - 880 - 92~~
U.S. Steers 56,349 = 955,000 Average Ldn
155 avg
139 product
10:01 Sets Very quiet -
10:19 - Cot - Mkt Very thin 5 to 10 lots push mkt 50 pts.
Stronger from gold pit Gold
10:38 Comex no gains now local buy
10:41 Cot - No more buy at 71 - Grab 10¢ 1 Million
Bank Assay - bid for 1 Million Oz
41 sep. bid for gold 700 218 to 219 .999
300 218 to 219 .999
200 217 ~~7~~ .999

Johnson Matthey [illegible] 999
[illegible]
[illegible] 1.5 Million [illegible]
[illegible]
[illegible] Rep. Kal [illegible]
[illegible]
Russ Engelhard [illegible]
N.Y. Chicago [illegible]
56,349 - 935,00 11,977 [illegible] 80,000
[illegible] Bank [illegible]
Dealers 850 999 218.17 220.01
500 [illegible] 217.86 218.50
Total bid of 5 Million oz's on [illegible] Hoffland.
Manhattan bid for 225 oz of Gold
Phillips Bros 100
Ed Hutton 400
Sharps Pixley 175
900
1:54 Kal - Merrill Lynch [illegible] I buy the 100
2:3[illegible] ~~Geo Harmon~~
Chicago
11,977 59,885,000 1-15-79
57,440,000 1-16-79
2,445

down 2,445

Comex 57,309
56,347
960

Comex - 960

970
Ldn - 22,150,000
820

-820
4,225

1st figure 141,000,000 Chi. NY. Ldn
5 Mil last time
4,225
1,712 Comex last [illegible]
5,937

57,440
56,349
22,150
135,939

99 Locals displaying - suggested was in U.S. [illegible]
They feel [illegible] stealth [illegible]
[illegible]
*1-17-79 Gold - Ldn 235 [illegible]
as of close 1-16-79 222.05 [illegible] M
32001 - Call R[illegible]
32002 - Call [illegible]
32008 - Call 45M
NY stk 58,593 - 756,000 out of Chase
Gold active - trade buying - locals both sides
9:27 [illegible] 55 MY - 499 - buy stp @ 632
Charley Hatten - buy not going anywhere -
102 H on opening buy stp @ 637
buy 200K ~~[illegible]~~ [illegible] from [illegible]
9:00 J. [illegible] selling Gold - trade active
[illegible] - trade heavy but price not moving - arbitrage
from Chicago - Cornell [illegible] playing
11:3[illegible] Drifting lower on light trade
12:0[illegible] [illegible] sold 70 H last 5-10 min. locals buying
Dick Brewer re: 32008 - CFTC rule requires
risk disclosure before trade accepted
Misunderstood [illegible]
12:33 Cerney - local buying
11:448
*1-18-79 Gold Ldn 227.50 + 2.50 from AM
as of 231.75 PM
32001 Call 98M
32002 Call 14M
Cerney Chase stk from NY + 375 & with 850
*net - 500 total 55,291,000 - 302,000
~~[illegible] Cerney - Arc buying - high 636.50~~
8:57 *[illegible] told me to exercise my judgement
~~[illegible]~~
~~[illegible]~~ mkt strong. [illegible] buy stp. [illegible]
picking
lot of ML buying is new buying - [illegible]
approx 200 so far in all months
10:13 [illegible] - ML support dissipated - MI anticipated
[illegible] to +2.15 [illegible]

11:26 Kal - BOT - M.L. selling ± 200 J - spread 100 to 150
✓ 11:27 ~~Kelly Garvin - 1st Security Bank - Pocatello Idaho~~
✓ 11:36 ~~Wall wire fed funds today - 1-208-233-4411~~
✓ ~~return~~ 1st Security Bank of Idaho N.A. - Pocatello, Id.
acct # 004-11962-39 Mrs Connie L Dawson

11:50 bot large switch sld 5000 H & bot 5,000 U @ 2050 -
Morris Mary - look other side
Cattle on feed 98 to 102
Mktings 106 to 114
Placements 87 to 96
11:42 Clayton bot 10 min before close kept mkt from breaking.
1:48 Jack Taylor - swamped - be ± 2 wks before ready to talk
1:51 Dutch Swanson - re: NFC also heard George Lohse in Montana of a friend.
Don no longer w/ Boyd
Lew Neal of Walden Boyd Bay Scout.

★ 1-19-79 Gold Lon. 230.20 AM +3.50
as of Close 1-18-79 230.55 PM -1.20
32001 Call 100M
32002 Call 111M
Currency Fx - no stks
Ser Call +200 to +300
Fed Cattle 6.2 - 6.3% in Texas good
Beef trade lite good - 57 Carcass beef 97#
8:57 Cont. - Ser stk + 385,000 = 55,396,000
increase @ Frankfurt Dep.
Earlier indication are that [illegible] ser dev stkly.
Kal - Chicago stk ff. 433 - 15 contracts = 75,000 as of 1-18
G J = 700 - 750 ff
Hogs I sell at +50 Cattle. = hog local selling on opening.
- offer is shut - hit J up @ 6445 - however floor were
buyers @ ± 6415.
Front NW part of Argentina forecasting 10 Millimeter of
rain in Rio Grande del Sol area.
10:05 Jerry Lesner - going to meet - next Wednesday - Jerry asked if I had any people in mind who might be buyers, I answered him I did.
★ 32 of 8 = 21, 475 arriving today
125

1:39. Geo. Hansen - wanted to make sure bank
- transfers to us were done to our satisfaction
assured him it had been handled very properly
*1-23-79 Gold Lon. 234.90 - 13.10 AM
[illegible] Close 1-19-79 $35.00 P.M.

3200 [illegible] 83M.
32002 - no call [illegible] - 10 no [illegible]
[illegible]
[illegible]
55,365,000 - 236,000 [illegible] 57,165,000 [illegible] 1-19-79 [illegible] 1,890,000 - 260,000
[illegible] 1100
Chase - 331
[illegible] - 77,000 [illegible] 331,000
[illegible] 13 & 14 [illegible]
3.2 45 1507.
[illegible]
M. Hansen
[illegible] Kelly & Bros - has been
withdrawing - [illegible]
[illegible]
[illegible] 010955 [illegible] The [illegible]
[illegible] Department [illegible] had
[illegible]
[illegible] 1-19-79 - [illegible] that morning

[illegible]
[illegible] Convention [illegible]
*1-23-79 - Gold Lon. 230.80 [illegible] A.M.
[illegible] 1-24-79 230.00 P.M.
3200 [illegible] no call, no Excess
35002 [illegible] 2011
[illegible]
Letter [illegible] K [illegible] N [illegible] Z.
[illegible]
350 AP [illegible] 75 [illegible]
- [illegible]
[illegible] NY Chase - 94,000
[illegible] 779,000

N.Y. - 853,000 Chi unchanged
[illegible] 512,000 Chi [illegible] @ 5[illegible]
10:18 [illegible]
[illegible]
[illegible] - [illegible]
1:28 Cotton - [illegible] H. [illegible]
Hatton [illegible] Hatton
[illegible] - [illegible] then [illegible] day
[illegible] Lisa [illegible]
1:57 [illegible]
2:02 [illegible] - [illegible]
[illegible]

1-24-79 Gold - [illegible] 231.50 +3.10 A.M.
on close 1-23-79 236.10 P.M.
3 Aug Call 292 x4
2,558 3 I o 2 no call, no [illegible]
-98 Wheaten Comex — Chicago
54,400,000 -399.00 54,165,000 unch.
Rubin lot of selling Comex hse, trade big buyer
[illegible] Mocatta.

9:10 Comex hse stp buying in Silver & Gold, trade standing aside - locals are selling lots that [illegible] on opening [illegible] M.B. selling
N.Y. last - [illegible] Chi
[illegible] H to K [illegible]
H-K = 660
9:13 Any trade - all Comex hse buy stps - stp about all day - local trading very short.
Refco bid on opening +0-50 contract H & K
10:06 Cotton - good selling buy Hatter - locals long - buy stp in H @ 65.50, but no support below [illegible].
100 @ PK 76.99 [illegible] N H.
10:13 short covering by locals in Copper, [illegible] sold 5 @ 76.10
11:52 G - I ~~[illegible]~~ 900-950
1:16 Bert not feeling Well

1-25-79 Gold [illegible] 235.49 [illegible]
[illegible] 233.95 [illegible]
[illegible] Bull [illegible]
Ey 235.05 [illegible]
K.M. Gold [illegible] pressure [illegible]
[illegible] Chicago [illegible]
57 957000 = 1785.00 [illegible]
K&H weak [illegible] Spread [illegible] Fresh sellers Mak
under pressure [illegible]
Cert - [illegible] @ 65[illegible]
27 [illegible] 47 @ 658
185 @ 663.00
30 @ 664.50
30 @ 656.50 came back a
16 @ 656.50
4 @ 656.00
K ~~came b~~ 90 @ 663.90 Came back
86 @ 663.00
4 @ 662.75
372 K @ 664.00 Came back at
47 @ 664.50
195 @ 669.00
32 @ 667.50

9.06 Cert Exchange - some Comm hse buying Comm in wk buying locals long & either on both sides.

H-K is trading 500

G.J. 930-980

Digal - Abm 990 @ 10:30

Fiedler bot [illegible] either 15 locals on both side. Mocatta bot 25 & pushed [illegible] up [illegible]

11:45 Lite trade

12:14 Kel - mkt tired; 15 [illegible] ran it up

12:11 Cert Kel picking up Comm hse selling trade buying

1:02 Comm Cont in in a small way & arbitrage was came in

2:35 Joyce Linnane Rocket Stat didn't have chance to discuss cof [illegible] yesterday, but will have a chance in near future

BRIEFING BOOK EX. 28

SHANK, IRWIN, CONANT, WILLIAMSON & GREVELLE
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KAREN S BEDELL
CECIL W CASTERLINE
A B CONANT, JR
ROBERT B COUSINS, JR
WILLIAM E DOUGLASS
ROGER GOLDBURG*
JAMES V GREVELLE
IVAN IRWIN, JR
STEVEN C METZGER
ROCKNEY D FLETCHER
FREDERICK J RENKO
ROBERT H RULE, JR
RALPH B SHANK
ALLEN WEED
RAY B WILLIAMSON

*LICENSED IN COLORADO
AND NEW YORK ONLY

WILLIAM D HAYWARD
JOHN R WOODWARD
EVAN H BOTTING
DREW R HEARD
CHARLES W PAULY
WILLIAM D WRIGHT
RODERIC G STEAKLEY
J RICHARD HORNER
JOHN H PEPER
KATHLEEN S CLEAVELAND
P TALMAGE BOSTON JR
TIMOTHY M FULTS
DONALD C JOHNSON
RICHARD L ALLEN
WILLIAM B CHANEY
THOMAS I MICIER
JOHN T HELM

July 17, 1980

Mrs. George Hansen
4700 38th Place North
Arlington, Virginia 22207

Dear Mrs. Hansen,

On May 27, 1977, the First National Bank in Dallas funded a $50,000 loan to you evidenced by a promissory note in the original principal amount of $50,000 payable to the First National Bank in Dallas and guaranteed by Nelson Bunker Hunt. This loan was renewed in May, 1978 for an additional year, with interest paid current through May 26, 1978. The renewed note (the "Note") matured May 29, 1979 and a formal demand for payment of the past due principal sum of $50,000 and accrued interest of $10,033.56 was made on you by First National Bank in Dallas on March 18, 1980.

The principal of and interest on the Note were never paid to the First National Bank in Dallas. Because of your failure to meet these obligations under the Note when it matured, our client, Nelson Bunker Hunt, as guarantor on the Note, was required to pay the principal of the Note and the accrued interest thereon in the total amount of $61,503.42. Accordingly, the Note has been endorsed over and Mr. Hunt is now the holder thereof.

On behalf of our client, Nelson Bunker Hunt, we hereby demand payment of the past due principal sum of $50,000 and accrued interest of $12,267.31 on the date hereof. Until paid in full, interest continues to accrue on this loan at the rate of $16.67 per day.

It is imperative that we receive an immediate response to this letter in order to reach a mutually acceptable arrangement for the payment of all money due and owing. If we do not receive payment or otherwise agree upon an arrangement within ten (10) days from the date of receipt of this letter, we shall have no alternative but to file suit on behalf of Mr. Hunt for recovery of these amounts. You will additionally become liable for attorneys' fees incurred as a result of such action pursuant to the terms of the Note.

Thank you for your attention to this matter.

Very truly yours,

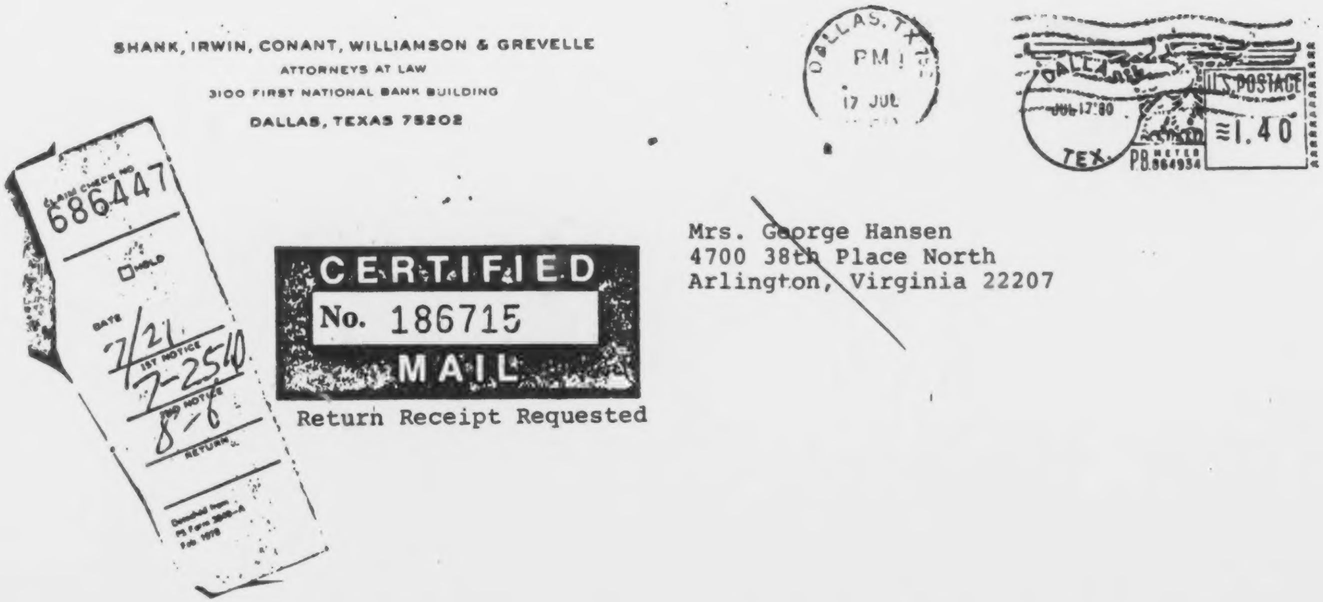
Ray B. Williamson

Ray B. Williamson

RBW:mh

cc: Nelson Bunker Hunt

Certified Mail No. 186715
Return Receipt Requested



SHANK, IRWIN, CONANT, WILLIAMSON & GREVELLE
ATTORNEYS AT LAW
3100 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

DALLAS, TX 75
PM 1
17 JUL

DALLAS TEX.
JUL 17 '80
U.S. POSTAGE
1.40
PB METER 864934

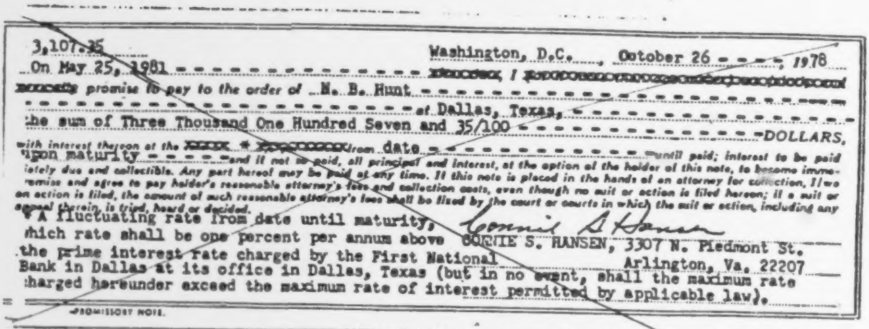
CLAIM CHECK NO. 686447
☐ HOLD
DATE 7/21
1ST NOTICE 7-25 10
2ND NOTICE 8-6
RETURN
Detached from PS Form 3849-A Feb. 1978

CERTIFIED
No. 186715
MAIL
Return Receipt Requested

Mrs. George Hansen
4700 38th Place North
Arlington, Virginia 22207

G26

BRIEFING BOOK EX. 29



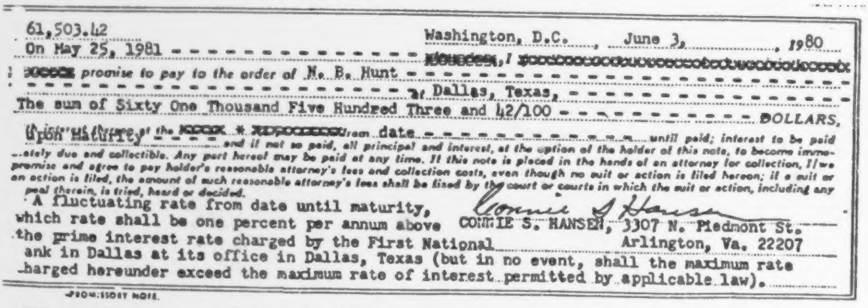
3,107.35
On May 25, 1981 - - - - - - - - - - - - - - - XXXXXX, I XXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXX promise to pay to the order of N. B. Hunt -
- at Dallas, Texas, - - - - - - - - - - - - - - - -
he sum of Three Thousand One Hundred Seven and 35/100 - - - - - - - - - - - - - - DOLLARS,
Washington, D.C., October 26 - - - -, 1978

with interest thereon at the XXXXX * XXXXXXXXXX from date - - - - - - - - - - - - - until paid; interest to be paid upon maturity - - - - - and if not so paid, all principal and interest, at the option of the holder of this note, to become immeiately due and collectible. Any part hereof may be paid at any time. If this note is placed in the hands of an attorney for collection, I/we romise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

* A fluctuating rate from date until maturity, which rate shall be one percent per annum above the prime interest rate charged by the First National Bank in Dallas at its office in Dallas, Texas (but in no event, shall the maximum rate harged hereunder exceed the maximum rate of interest permitted by applicable law).

Connie S Hansen
CONNIE S. HANSEN, 3307 N. Piedmont St.
Arlington, Va. 22207

PROMISSORY NOTE.



61,503.42
On May 25, 1981 - - - - - - - - - - - - - - - XXXXXX, I XXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXX promise to pay to the order of N. B. Hunt -
- at Dallas, Texas, - - - - - - - - - - - - - - - - -
The sum of Sixty One Thousand Five Hundred Three and 42/100 - - - - - - - - - - - - DOLLARS,
Washington, D.C., June 3, 1980

with interest thereon at the XXXXX * XXXXXXXXXX from date - - - - - - - - - - - - - - until paid; interest to be paid Upon Maturity - - - - - and if not so paid, all principal and interest, at the option of the holder of this note, to become imme-ately due and collectible. Any part hereof may be paid at any time. If this note is placed in the hands of an attorney for collection, I/we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon; if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including any peal therein, is tried, heard or decided.

* A fluctuating rate from date until maturity, which rate shall be one percent per annum above the prime interest rate charged by the First National ank in Dallas at its office in Dallas, Texas (but in no event, shall the maximum rate harged hereunder exceed the maximum rate of interest permitted by applicable law).

Connie S Hansen
CONNIE S. HANSEN, 3307 N. Piedmont St.
Arlington, Va. 22207

PROMISSORY NOTE.

BRIEFING BOOK EX. 30

97TH CONGRESS
1ST SESSION

H. R. 4093

To amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 9, 1981

Mr. HANSEN of Idaho introduced the following bill; which was referred jointly to the Committees on Ways and Means and the Judiciary

---

A BILL

To amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taxpayer Protection Act".

BRIEFING BOOK EX. 31

Q O.K. SO COULD YOU JUST TELL US NOW -- I WILL ASK YOU: DID CONGRESSMAN HANSEN DESCRIBE TO YOU AN ORGANIZATION, A NONPROFIT ORGANIZATION WHICH HE WAS INTENDING TO SET UP FOR THE PURPOSE OF CARRYING OUT THE EFFORTS THAT ARE DESCRIBED IN THIS BOOK?

A YES, SIR.

Q ALL RIGHT. THANK YOU. AND DID YOU GIVE HIM THE CHECKS FOR $25,000 AND $60,000 WITH THAT UNDERSTANDING IN MIND, THAT THERE WOULD BE AN ORGANIZATION THAT WOULD BE PROMOTING THIS BOOK?

A HE TOLD ME THAT, AND I --

Q THAT WAS PART OF YOUR TOTAL UNDERSTANDING WHEN YOU WROTE OUT THOSE CHECKS, WASN'T IT?

A YES, SIR.

Q O.K. IT WAS NOT YOUR UNDERSTANDING, AGAIN, THAT THIS WAS SOMETHING THAT HE WAS USING FOR SOME PLEASURE CRUISE OR PERSONAL --

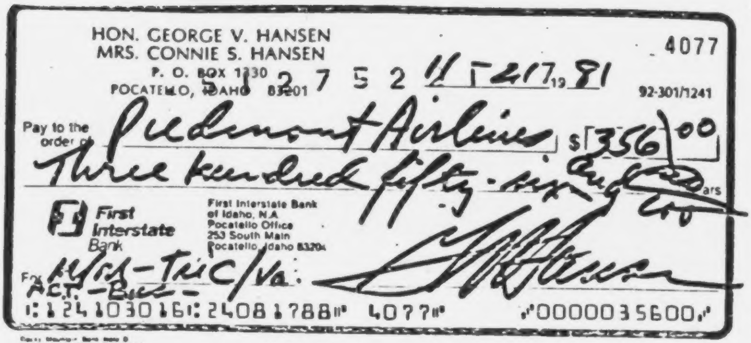
A NO.

Q ALL RIGHT.

A I REMEMBER HIM SAYING THAT HE WANTED TO PROMOTE THE BOOK, THAT HE HAD AN ORGANIZATION, AND THAT WAS, YOU KNOW, THE REASON FOR THE FUNDS.

Q FINE.

RRIFFING BOOK EX. 32



HON. GEORGE V. HANSEN
MRS. CONNIE S. HANSEN
P. O. BOX 1330
POCATELLO, IDAHO 83201

4077

5 1 2 7 5 2 11-27 19 81

92-301/1241

Pay to the order of Piedmont Airlines $ 356 00

Three hundred fifty-six and 00/100 Dollars

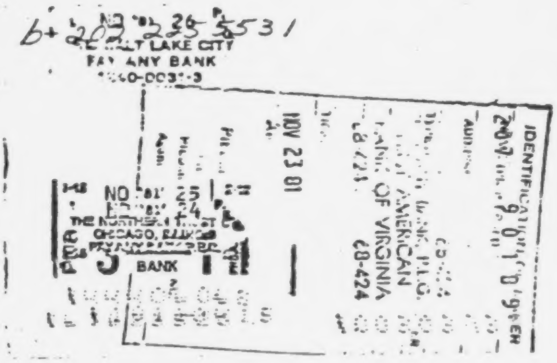
First Interstate Bank

First Interstate Bank of Idaho, N.A.
Pocatello Office
253 South Main
Pocatello, Idaho 83204

For M/C-TRIC/Va.
ACT. -Bus-

G V Hansen

⑆124103016⑆ 2408 1788⑈ 4077⑈ ⑉0000035600⑉



b+ 202 225 5531

SALT LAKE CITY
PAY ANY BANK

NOV 23 81

FIRST AMERICAN BANK OF VIRGINIA
68-424

THE NORTHERN TRUST CO.
CHICAGO, ILLINOIS
PAY ANY BANK

IDENTIFICATION

#4077

BRIEFING BOOK EX. 33

Q. When he discussed the loan with you at that point, did he tell you that there was an organization, this was November, that had been formed with regard to the matter of this book or these books?

A. An organization had been discussed with me at probably that time, sir, but I don't recall, having that discussion that day. But an organization, or Congressman Hansen had discussed with me, or I had knowledge, I guess, that there was an organization, or there was to be an organization at the time, at the time of this conversation.

Q. So it is your recollection that either prior to that meeting, that Sunday morning, in your office, or at the meeting, the matter of an organization was discussed between yourself and the congressman?

A. Yes, sir.

Q. Was it your understanding that it would be this organization that would be responsible for the mailings relating to this book?

A. Well, sir, to be honest with you, I don't know that I understood all about the organization. But it was my understanding that the proceeds of my loan would be used in a mass mailing, publishing or promoting of the book or books.

Q. In fact, I think you testified in answer to Mr. Cole, that you really anticipated this would be a short term loan, it would be repaid in a matter of months, is that right?

A. Yes.

Q. Is it not a fact that the reason you viewed it as a short term loan is that the anticipation was that there would be a mass mailing and funds would come in as a result of the mass mailing?

A. Yes, sir.

Q. So that was discussed between yourself and the congressman?

A. Yes, sir.

Q. That whatever it is that was being done with this book would require an additional investment for a mass mailing?

A. Yes, sir.

Q. Is that right?

A. Yes, sir.

Q. And that the funds were really intended to be used for such a mailing?

A. Well, I don't know that it was specified that my money would go to the mass mailing or the publishing or something else within that.

Q. But it was in that area, it had to do and you understood there would be a mailing and that funds would come in as a result of that mailing?

A. Yes, sir.

Q. The expectation was that as a result of funds coming in from that mailing, that the loan that you made would be paid back?

A. Yes, sir.

BRIEFING BOOK EX. 34

97TH CONGRESS
1ST SESSION

H. R. 4931

To amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 10, 1981

Mr. HANSEN of Idaho introduced the following bill; which was referred jointly to the Committees on Ways and Means and the Judiciary

---

A BILL

To amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taxpayer Protection Act".

BRIEFING BOOK EX. 35

97TH CONGRESS
1ST SESSION

H. R. 4821

To amend the Internal Revenue Code of 1954 to provide taxpayer relief and simplification of the individual income tax, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 22, 1981

Mr. HANSEN of Idaho introduced the following bill; which was referred to the Committee on Ways and Means

---

A BILL

To amend the Internal Revenue Code of 1954 to provide taxpayer relief and simplification of the individual income tax, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Tax Simplification Act".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of,

BRIEFING BOOK EX. 36

Q. Do you know of any efforts of Congressman Hansen, at the Pentagon, on behalf of McAfee and Neale?

A. All I know is that he introduced them and later complained to the Pentagon about treatment of employees of the Pentagon by reason of their involvement in the thing.

Q. How many calls did Congressman Hansen make to the Pentagon on behalf of these Virginia fellows, do you have any idea, sir?

A. I have no idea how many calls he made on behalf of the Virginia people. I know of one call he made on behalf of the employees.

United States of America vs.

DEFENDANT BRIEFING BOOK EX. 37

JOHN DWIGHT MEADE, JR.

WESTERN DISTRICT OF VIRGINIA - ROANOKE

DOCKET NO. ▶ 82-00107-R

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date COB27, P122 ▶

MONTH	DAY	YEAR
12	07	82

☐ WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

☒ WITH COUNSEL Carl E. McAfee, Esquire
(Name of counsel)

PLEA

☒ GUILTY, and the court being satisfied that there is a factual basis for the plea, ☐ NOLO CONTENDERE, ☐ NOT GUILTY

FINDING & JUDGMENT

There being a finding/~~verdict~~ of
☐ NOT GUILTY. Defendant is discharged
☒ GUILTY.

Defendant has been convicted as charged of the offense(s) of embezzlement, false entry in bank book & false statement to influence loan in violation of Title 18 U.S.C. §656, 1005 & 1014.

SENTENCE OR PROBATION ORDER

As to counts 1 & 7 consolidated for sentencing,
The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of two (2) years and fined the sum of $5,000.00.

As to counts 2 & 6 consolidated for sentencing, IT IS ADJUDGED that defendant pay a fine to the United States in the sum of $5,000.00. The imposition of sentence as to imprisonment only is suspended and the defendant placed on probation for a period of five (5) years to commence upon release from custody in counts 1 & 7.

SPECIAL CONDITIONS OF PROBATION

As to counts 3, 4 & 5 consolidated for sentencing, IT IS ADJUDGED that the defendant pay a fine of $5,000.00. The imposition of sentence as to imprisonment only is suspended and the defendant is placed on probation for a period of five (5) years to run concurrent with probation period imposed in counts 2 & 6, on the following conditions:

1. Defendant is to pay $15,000.00 fine on a schedule to be worked out with the Probation Office.
2. Defendant is to perform 200 hours community service under direction of the Probation Office.

IT IS FURTHER ORDERED that the defendant report to the institution designated by the Bureau of Prisons on Monday, June 6, 1983 to begin service of his sentence

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

Maxwell Air Force Base, Alabama

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal or other qualified officer.

SIGNED BY
☒ U.S. District Judge
☐ U.S. Magistrate

James C. Turk

Date December 7, 1982

A TRUE COPY, TESTE:

Joyce F. Witt, Clerk

By:
Deputy Clerk

LAW OFFICES
J. D. BOWIE
BRISTOL, VIRGINIA 24203-1170

502 CUMBERLAND STREET
P. O. BOX 1170

J. D. BOWIE

S. GRAY ROBINSON
SONDRA K. ALAN

AREA CODE 703
466 5015

May 4, 1983

BRIEFING BOOK EX. 38

The Hon. James M. Cole
The Hon. Reid Weingarten
Attorneys for Public Integrity Section
Criminal Division
United States Department of Justice
315 Ninth Street, 4th Floor
Washington, D.C. 20530

Re: John D. Meade, Jr.

Dear Jim and Reid:

We appreciate your candor in discussing with John D. Meade, Jr. and myself Mr. Meade's potential criminal liability arising from grand jury proceedings and other investigations of Congressman George V. Hansen. Since our conference in your offices on May 4, I have reviewed with my client in great detail the factors discussed.

I have advised Mr. Meade that he should make full and frank disclosure of any and all information he has concerning any wrong doing on the part of Congressman Hansen as it relates to your investigation. I have further advised him that if any such full and frank disclosure would incriminate Mr. Meade, either because of inconsistencies with his sworn testimony before the grand jury, or because of his involvement in any transactions which could be construed as bribery, it would probably be to his best interests in the long run to offer cooperation in the prosecution of the cases against Congressman Hansen in hopes of obtaining immunity for himself.

In his mind and without benefit of a transcript, Mr. Meade has carefully reviewed his grand jury testimony, and he positively affirms that his entire testimony before the grand jury was absolutely true to the best of his knowledge and belief, both then and now.

Further, Mr. Meade assures me that bribery was never considered, much less discussed by him or in his presence, either when he made bank loans to Mr. McAfee and Mr. Rogers to replenish resources from which they made loans to Congressman Hansen, or at the time that Mr. Meade made a personal loan from his individual resources directly to Congressman Hansen. He says he has no knowledge of any events which could reasonably be construed as bribery of Congressman Hansen by himself or anyone else at any time.

I can understand your being suspicious of the circumstances which have been related to you pertaining to the two loans made to Congressman Hansen by Messrs McAfee and Rogers, and the one loan made to Congressman Hansen by John Meade. However, if it were Mr. Meade's purpose to fabricate a false story, I would hope that he would be clever enough to come up with a story which would be less suspicious and more plausible. As we all know, it is not uncommon for the truth to appear far more suspiciousthan a lie. In the instant case, we have to take the position that these suspicions have no basis in fact.

Mr. Meade would be happy to cooperate with you in any way possible, and he feels no obligation or desire to protect Congressman Hansen or anyone else involved here, but could not truthfully furnish any additional or different testimony other than that which he has already given before the grand jury. If he should, at any later time, recall or learn of any new information which would either directly or indirectly shed light on your case, he has assured me that he will immediately furnish any such information to you through this office.

In the meantime, if I can be of any assistance to you in pursuing any further inquiries in the matters about which John Meade has any information, I would be glad to assist, and I am sure John would, also.

With best regards, I am,

Sincerely,

J. D. BOWIE

JDB:dcb

cc: Mr. John D. Meade, Jr.

BRIEFING BOOK EX. 39

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA)
v.) Criminal No. 83-75
GEORGE V. HANSEN,) Judge Joyce Hens Green
Defendant.)

AFFIDAVIT OF LAWRENCE I. SANK

Lawrence I. Sank, being duly sworn, deposes and says:

1. I am submitting this affidavit at the request of counsel for Congressman George V. Hansen in support of his motion for a new trial.

2. I am a clinical psychologist, licensed in the District of Columbia and Maryland, who has practiced in these jurisdictions since 1973. I am also a clinical diplomate of the American Board of Professional Psychology ("ABPP"). I am an Associate Professor in the Departments of Health Care Sciences and Psychiatry and Behavioral Sciences of the George Washington University Medical Center. I am Co-director of the Center for Cognitive Therapy in Bethesda, Maryland. Attached to this affidavit is a curriculum vitae specifying my education, other professional experiences and qualifications, my teaching, research and consulting experience, and specifying the textbook I have written, the 17 professional articles which I have authored and the over 30 professional presentations which I have conducted.

3. My specialty areas include the use of both individual and group modalities for the treatment of mood disorders and for the treatment of the victims of hostage situations, otherwise known as "barricade" situations. I have written, presented and lectured about the group dynamics of human interaction in both clinical and social settings -- i.e., how people interact and respond in clinical and other social settings when they find themselves in groups. This includes such areas as persuasion, attitude change, and behavior change. Among my experiences in this area has been the treatment of the victims of the Hanafi Muslim siege of three buildings in the District of Columbia in March, 1977 (the B'nai B'rith Headquarters, the District Building and the Islamic Center).

4. I have been asked to apply my professional knowledge and experience to assist in understanding the circumstances of members of a jury who are "sequestered." That term has been defined to me as meaning that members of a jury in a criminal case are removed from their home setting and are kept in a group at all times. I am advised that, under an order of "sequestration," jurors are lodged at a hotel, are provided their meals in a group, are restricted in their communications with any individual not on the jury (including any communications with the members of their immediate families, such as spouses, children and parents), and are not permitted access to newspapers (with the possible exception of newspapers from which any relevant articles have been cut out) or magazines or any electronic

media. I have been told that "sequestered" jurors may converse on the telephone with family members or business associates only when overheard by a supervising marshal, and may participate in physical activities or exercise only to the extent consistent with the group's activities.

5. I have been asked by counsel for Congressman Hansen to compare the effects of such "sequestration" on members of a jury maintained in this condition for a period of fourteen days, while they are hearing evidence in a criminal case, with the situation of jurors considering a criminal case of a similar duration who are permitted to go home after court sessions are concluded each day and who may engage in ordinary communications with the outside world and ordinary relations with family members and associates during that period of time. In making this comparison, I have been told to consider that the latter group is instructed by the judge not knowingly to read or hear any reports concerning the trial and not to discuss the trial with other members of the jury or family members and friends. I have been asked specifically to express my opinion as to whether there exist psychological factors which would alter the outcome or verdict in a case with a "sequestered" jury which are not present with a jury that has not been "sequestered."

6. In my opinion there are a number of psychological mechanisms that apply to a sequestered jury that would not apply, or would apply to a far lesser extent, to one that is not sequestered. These factors would be far more salient in the case

of a "sequestered" jury and could significantly affect the verdict of such a jury.

(a) Sensory Deprivation/Stimulus Reduction. -- "Sequestered" jurors are removed from their natural environments within which they experience the stimuli which ordinarily support and maintain their behavior. I am familiar with situations in which a subject experiences reduced environmental stimuli for an extended period of time. Individuals in such situations are likely to form opinions which they would not ordinarily have and to alter their attitudes. They are likely to behave in ways which would otherwise be strange to them. Psychologists have used this response clinically to alter patterns of behavior. A juror in a "sequestered" environment, where the number and type of stimuli are deliberately reduced or eliminated, is likely to act differently than he would in his normal environment. Sequestered jurors would, therefore, be more likely to change their attitudes, feelings, beliefs and behavior simply because of this restricted or stimulus-reduced environment than if they were not subject to such restrictions.

(b) Hypnosis. -- "Sequestered" jurors who are urged to concentrate on little other than the trial in which they participate are comparable to subjects of hypnosis. Hypnosis can be viewed as a state of heightened concentration, whereby the subject is called upon to perform, think and feel in special ways. This includes a heightened suggestibility or responsivity. The subject of hypnosis is frequently placed in that state by a person whom he views as having authority. The induction procedure involves the subject focusing his or her attention and thereby reducing the scope of his or her attention. A "sequestered" juror is asked by the Court to focus his or her attention on the trial proceedings, and external stimuli are screened out, just as the hypnotist would direct the subject to screen out extraneous stimuli. In such a "sequestered" situation, the juror is likely to become more malleable, and more prone to be persuaded to change his or her attitudes in the direction suggested by such authority.

(c) "Marathons". -- The long duration of a trial involving "sequestered" jurors is likely to affect their group behavior. In clinical settings, mental health professionals (psychologists, psychiatrists and social workers) often place their patients in intensive group experiences for a prolonged period (24 to 48 hours). Their professional judgment is that dramatic changes occur in the patients as a result of these extended sessions. In such marathon-type experiences, the patients and those who observe them often report dramatic personal changes. Psychological literature reflects, however, that these changes are short-lived and the patient soon rebounds back to the earlier pre-marathon state. A "sequestered" juror in a trial that covers two weeks resembles a participant in a "marathon" session. Such a juror would likely change his beliefs, feelings, thoughts and behavior, not only in response to evidence placed before him but in response to the environment in which he or she was placed to deliberate. These changes would probably be different were he or she not "sequestered."

(d) "Brainwashing". -- Because "sequestered" jurors are cut off from their usual environment and are maintained in benign custody by marshals, they bear some resemblance to hostages and prisoners. Reports of situations where hostages, prisoners of war and concentration-camp inmates have been held against their will reveal that some of these victims have come to adopt the beliefs, attitudes, political views and behaviors of their captors. This is sometimes referred to as the "Stockholm Syndrome." Locally, there were examples of this response during the Hanafi Muslim siege of the three buildings in the District of Columbia. I treated victims of this siege and found Stockholm Syndrome-like symptoms exhibited during this period of captivity. Psychologically, we recognize the desire on the part of the captive to embody those features which are seen as effective, powerful and in favor. Because of his or her reduced physical and psychological freedom (including reduced access to family, friends and information, and limited ability to move about), a "sequestered" juror is more likely to rely on those whom he or she sees every day for a sense of what is right or wrong and what kinds of attitudes and beliefs he or she should hold. If the jury is guarded by marshals, the marshals would be seen as such authorities. In addition the United States Government represented by the prosecutor, would be such an authority figure. With this psychological model operative, jurors would be more likely to identify with, and attempt to curry the favor of, these more powerful figures in a situation where their freedom is limited.

(e) Persuasion in Groups. -- The extended period over which a "sequestered" jury is held together as a group is likely to affect the readiness of a juror to express and stick with an individual opinion. It has been noted that in a group setting subjects are more willing to bend their opinions to the perceived norm held by the group. This tendency is enhanced when the group experience is intense and access to the outside is limited. People in groups have been known not to speak their minds when they fear arousing the disapproval of dominant members in the group or when they fear they might thwart the task of the group. This condition is aggravated if the group has been kept together for a long period. In that case, an individual member's silence, rather than reflecting assent, may reflect fear of the consequence of speaking up. A "sequestered" juror would feel more pressure to comply with the group norm and to come to a unanimous decision. Such a juror is more likely to fear social consequences, such as ostracism or being called a poor team member, than a juror who does not have this group experience.

(f) Group Compliance. -- Groups tend to move toward compliance with a perceived external demand. In the case of "sequestered" jurors, such a demand might be the fantasized or real expectation that they return a particular verdict. "Sequestered" jurors' fantasies about what the outside world expects of them would be far more active than in a non-sequestered situation, where the fantasy could be tested against the reality of a potentially relatively indifferent public. If much time and expense was believed by the jurors to have been incurred by the Government in their "sequestration" and there was intense scrutiny by the press (including the presence in the courtroom of press artists and reporters), "sequestered" jurors would feel more pressured than non-sequestered jurors to bring in a verdict that would comply with external demands. These external demands include perceived public opinion regarding the kind of defendant against whom the charges are filed and the desire to avoid needless public expense. My opinion is that "sequestered" jurors in the District of Columbia would be more likely than non-sequestered jurors to render a group verdict based on the public perception, growing out of the "Abscan" prosecutions, that Congressmen are unscrupulous. They would also be more likely not to want to return a verdict of not guilty that would bring them into public disrepute, as had been the experience of the members of the publicized Hinckley jury. And if the "sequestered" jurors believed, from news reports before they were sowrn and "sequestered," that the case which they were deciding was viewed as a initial test of the honesty of government officials, they would feel in this environment increased pressure to return a guilty verdict.

7. On the basis of the above enumerated factors, my conclusion, based on my knowledge and experience, is that a "sequestered" jury would act differently, in significant ways, from a non-sequestered jury, not because of evidence or other information coming to the jurors' conscious attention but because the circumstances surrounding the deliberation are materially

altered in various ways that could produce a different outcome when a jury is "sequestered."

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 29, 1984.

Lawrence I. Sank

LAWRENCE I. SANK

April 1984

CURRICULUM VITAE

LAWRENCE I. SANK

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BIRTH DATE: March 3, 1946 -- Brooklyn, New York

EDUCATION:
1964-1965 Rutgers University
1965-1968 Brandeis University
1968-1969 University of Rochester
1969-1972 Rutgers University

DEGREES:
A.B., cum laude, 1968, Brandeis University, Waltham, Mass.
Major: Economics

M.S., 1970, Rutgers University, New Brunswick, New Jersey
Major: Clinical Psychology

Ph.D., 1972 Rutgers University
Major: Clinical Psychology

Training Fellowship/grants:
NDEA: 1969
USPHS: 1971-1973

LICENSURE/ CERTIFICATION:
D.C. Board of Psychologist Examiners License #604 (3/5/74)

Maryland State Board of Examiners of Psychologists License #717 (12/8/73)

National Register of Health Service Providers in Psychology Certificate #15770 (7/7/75)

The American Association of Sex Educators, Counselors, and Therapists -- Certified Sex Therapist (4/9/79)

Diplomate in Clinical Psychology, American Board of Professional Psychology, Diploma #3214 (6/4/80)

CLINICAL EXPERIENCES:

Professional:

1982-present	Co-director, Center for Cognitive Therapy, Inc. (Washington Area)
1974-1984	Associate Professor (Tenured), Department of Health Care Sciences and Department of Psychiatry and Behavioral Sciences, George Washington University Medical Center. Director, Mental Health Practice -- George Washington University Health Plan (pre-paid medical group practice).
1980-present	Research Therapist, NIMH Collaborative Depression Research Study.
1976-1978 1981-1982	Associate Director, Clinical Psychology internship Program, jointly with the Departments of Psychiatry and Behavioral Sciences and Health Care Sciences, The George Washington University Medical Center.
1973-1974	Staff Psychologist, American University Counseling Center and Professional Consultant to Paraprofessional Training Grant.

Postdoctoral:

1972-1973	Postdoctoral Fellow in Clinical Psychology, Department of Psychiatry, University of Wisconsin Medical School, Madison, Wisconsin.

Predoctoral:

1971-1972	Psychology Intern, Department of Psychiatry, Beth Israel Hospital, Boston, Massachusetts.
1971	Psychology Trainee, Peer Counseling Program, Livingston College, New Brunswick, New Jersey.
1970	Psychology Trainee, Mount Carmel Guild Community Health Center, Newark, New Jersey.
1970-1971	Psychology Trainee, Psychological Clinic, Douglas College, New Brunswick, New Jersey.
1969-1971	Advisor to undergraduates, Department of Psychology, Rutgers College, New Brunswick, New Jersey.

RESEARCH AND CONSULTING EXPERIENCE:

1982-present	Consultant to National Naval Medical Center, Bethesda Naval Hospital, Department of Psychiatry, Bethesda, Maryland
1980-1982	Consultant to Continental Telephone Company
1980-1982	Consultant to Arthur Young & Company
1979-1982	Mental Health consultant to National Commission on Health Certifying Agencies.
1977-1983	Consultant to the Association for the Advancement of Psychology (AAP) on Federal HMO regulations as they affect the practice of Psychology in HMOs.
1975-1976	Consultant to United States Air Force, Department of Psychiatry, Malcolm Grow Medical Center, Andrews Air Force Base, Washington, D.C.
1974-1979	Consultant to Home Care Program (nursing and social service planning for cancer patients). The George Washington University Medical Center.
1974-1983	Consultant to Nurse Practitioner and Physician's Assistant Training Programs, The George Washington University School of Medicine.
1973-1974	Consultant to Paraprofessional Training Program (for undergraduate mental health workers), American University, Washington, D.C.
1973-1974	Child Psychologist consultant to Model Neighborhood Area Comprehensive Community Mental Health Center, Capitol Heights, Maryland
1972-1973	Consultant to establish behavioral inpatient program, Dodge County Mental Health Center, Juneau, Wisconsin.
1972	Consultant, Industrial and Clinical Psychology, Abt Associates, Cambridge, Massachusetts.

RESEARCH AND CONSULTING EXPERIENCE (Continued):

1969-1972	Research Assistant -- Projective Test Design and Scoring, Continuing Education Program, Rutgers University, New Brunswick, New Jersey.
Summer 1970	NDEA Summer Follow, Reviewed T-Group Outcome Studies

TEACHING EXPERIENCES:

1980-1982	Coordinator and Instructor, Clinical Interviewing to Physician's Assistant and Nurse Practitioner Students, The George Washington University School of Medicine, Washington, D.C.
1977-1982	Preceptor in Senior Elective "Mental Health Provision in the Primary Care Setting," for Department of Health Care Sciences, The George Washington University School of Medicine, Washington, D.C.
1976-1982	Lecturer, Physician's Assistant and Nurse Practitioner Programs, The George Washington University School of Medicine, Washington, D.C.
1976-1979	Lecturer, Primary Care Rotation (third year), The George Washington University School of Medicine, Washington, D.C.
1974-1977	Preceptor in Senior Elective, "Family Medicine," for Department of Psychiatry and Behavioral Sciences, The George Washington University School of Medicine, Washington, D.C.
1974-1979	Instructor, Communication Skills, (Freshman Course), The George Washington University School of Medicine, Washington, D.C.
1974-1978	Section Leader, "Principles of Problem Solving: Psychiatry and Behavioral Sciences," (Sophomore Course), The George Washington University School of Medicine, Washington, D.C.
1974-1983	Lecturer to Psychiatry residents. The George Washington University School of Medicine, Washington, D.C.

TEACHING EXPERIENCES (Continued):

1974-1979	Supervisor in psychotherapy to Psychiatry Residents and Psychology graduate students. The George Washington University School of Medicine, Washington, D.C.
1973-1974	Instructor, Paraprofessional Training Course, American University, Washington, D.C.
Spring 1972	Instructor, Introductory Psychology Course, Chamberlayne Junior College, Boston, Massachusetts.
Spring 1972	Instructor, Psychological Testing for Medical School student~~s~~, Harvard Medical School, Beth Israel Hospital, Boston, Massachusetts.
Fall 1971	Teaching Assistant, Industrial Psychology Course, Department of Psychology, Rutgers College, New Brunswick, New Jersey.

PROFESSIONAL PUBLICATIONS

Sank, L.I.	Effective and Ineffective Managerial Traits Obtained as Naturalistic Descriptions from Executive Members of a Super-Corporation. Personnel Psychology, 1974, 27, 423-434.
Sank, L.I.	and Biglan, A. Operant Treatment of a Case Recurrent Abdominal Pain, Behavior Therapy, 1974, 5, 677-681. Reprinted in Schafer, C.E., Millman, H.L., & Berish, A.I., Therapies for Psychosomatic Disorders in Children, Jossey-Bass, 1979.
Sank, L.I.	Perceived Trait Co-Occurrences According to Managerial Role: A Structural Representation. Journal of Vocational Behavior, 1975, 7, 189-200.
Sank, L.I.	Smrekar, M.J., and DeBeal, M.K. Student Descriptions of a Residence Hall Environment: A Methodological Innovation. Journal of College Student Personnel, 1975, 16, 405-408.
Sank, L.I.	Massed Program of Counter-Conditioning for a Flying Phobia. Social Work, 1976, 21, 318-319.

PROFESSIONAL PUBLICATIONS (Continued):

Sank, L.I. Stimulus Enhancement: Dealing with stimulus compounding in Systematic Desebsitization. Journal of Behavior Therapy and Experimental Psychiatry, 1977, 8, 115.

Mental Health Practice, George Washington University Health Plan. Is There a Treatment for Terror? Psychology Today, 1977, 11, 54-56, 108-112.

Sank, L.I. and Prout, M. Critical Issues for the Fledgling Therapist, Professional Psychology, 1978, 9, 638-645.

Shapiro, J., Sank, L.I., and Shaffer, C.S. Behavioral Groups as Preventive Care in a Health Maintenance Organization (HMO), ERIC Clearinghouse for Counseling and Personnel Services, Resources in Education, June 1979.

Sank, L.I. Community Disasters: Primary Prevention and Treatment in a Health Maintenance Organization, American Psychologist, 1979, 34, 334-338. Reprinted in GCP, Ginn Publishing Company's Anthology service. Reprinted, in part, in Lahey, B.B. and Ciminero, A.R. An Introduction to Abnormal Psychology, Glenview, Illinois: Scott, Foreman, & Co., 1980. Reprinted, in part, in Newman, B.M. and Newman, P.R. Living: The Process of Adjustment, New York: Dorsey Press, 1981. Reprinted in Student Guide and Reader to Abnormal Psychology: Current Perspectives (3rd Edition), New York: Random House, 1979. Reprinted, in part, in Slaiken, K.A., Crises Intervention, New York: Allyn and Bacon, 1983. Reprinted in Rosenhan, D. and Selligman, M.E.P. Abnormal Psychology, New York: W.W. Norton & Co., 1984.

Sank, L.I. and Shapiro, J. Case Examples of the Broadened Role of Psychology in HMOs. Professional Psychology, 1979, 10, 402-408.

Sank, L.I. and Shaffer, C.S. Clinical Findings While Treating the B'nai B'rith Hostages. Psychiatric Forum, 1979, 8, 67-74.

PROFESSIONAL PUBLICATIONS (Continued):

Shaffer, C.S.	Shapiro, J., Sank, L.I. & Coghlan, D.J. Cognitive Behavior Therapy: A Comparison of Group and Individual Formats. *ERIC Clearinghouse for Counseling and Personnel Services, Resources in Education*, January, 1980.
Shapiro, J.	Shaffer, C.S., Sank, L.I. & Coghlan, D.J. Cognitive Behavior Therapy: Methods and Comparative Research in Upper, D. and Ross, S.M. (Eds.) *Behavioral Group Therapy, 1981: An Annual Review*, Champaign, Ill.: Research Press, 1981.
Shaffer, C.S.	Shapiro, J., Sank, L.I. & Coghlan, D.J. Positive Changes in Depression, Anxiety and Assertion Following Individual and Group Cognitive Behavior Therapy Interventions. *Cognitive Therapy and Research*, 1981, *5*, 149-158.
Shaffer, C.S.	Sank, L.I., Shapiro, J. & Donovan, D.C. Cognitive Behavior Therapy Follow-up: Maintenance of Treatment Effects at Six Months. *Journal of Group Psychotherapy, Psychodrama, and Sociometry*, 1982, *35*, 57-63.
Sank, L.I.	and Shaffer, C.S. *A Therapist's Manual for Cognitive Behavior Therapy in Groups*, New York: Plenum Press, 1984.

PROFESSIONAL PRESENTATIONS:

The Behavioral Treatment of Sexual Dysfunction. October 24, 1975. Department of Psychiatry, Malcolm Grow USAF Medical Center, Andrews AFB, Washington, D.C.

Mental Health Services in an HMO - The Use of a Short Term Model. November 12, 1975. Department of Psychiatry, The George Washington University Medical Center, Washington, D.C.

The Assessment and Treatment of Sexual Dysfunction. April 21 and 28, 1976. Group Health Association Primary Provider Group, Rockville, Maryland.

PROFESSIONAL PRESENTATIONS (Continued):

Martial Difficulties: Perception and Intervention by the Primary Care Physician. October 19, 1976. Department of Health Care Sciences, The George Washington University Medical Center, Problems in Primary Care Lecture Series.

Invited participant at Conference on Health Incentives. Sponsored by World-Man Fund, February 4-5, 1977, Washington, D.C.

Motivating Both Patient and Provider. Invited address to Regional Meeting of the National Hospital Council, Division on Education and Training, February 16, 1977, Washington, D.C.

The Expanding Role of Psychology in HMOs. Paper presented at the National Convention, American Psychological Association, San Francisco, July 1977.

Co-Chairman of Special Meeting, "Psychologists in HMOs," National Convention, American Psychological Association, San Francisco, August 1977, and Toronto, August 1978.

The Inclusion of a Medicaid Population in a General Mental Health Program. Invited paper for the Second Annual Alcoholism, Drug Abuse, and Mental Health Services in HMOs Conference. November 30 - December 1, 1977. Chicago, Illinois. Published in the Conference Proceedings.

Strategies for Coping with Community Disasters - Prevention and Treatment. Invited Paper for the Second Annual Alcoholism, Drug Abuse, and Mental Health Services in HMO's Conference. November 30 - December 1, 1977. Chicago, Illinois. Published in the Conference Proceedings.

Keeping Them Happy: Enticing, Motivating, and Retaining the Volunteer. Invited address to Regional Meeting of National Council, Division of Volunteer Services Directors, May 9, 1978, Washington, D.C.

Treating the Victims of Terrorism: The Hanafi Takeover of the B'nai B'rith Headquarters (with M. Belz). Paper read at the Second International Conference on Psychological Stress and Adjustment in Time of War and Peace. Jerusalem, Israel, June 19-23, 1978.

Behavioral Groups as Preventive Care in a Health Maintenance Organization (with J. Shapiro and C.S. Shaffer). Paper presented at the National Convention, American Psychological Association, Toronto, Canada. September 1, 1978.

PROFESSIONAL PRESENTATIONS (Continued):

Terrorized and Terrorist: The Role of Psychology. Workshop conducted at the National Convention, American Psychological Association, Toronto, Canada. September 1, 1978.

The Parallels in Treating the Victims of the Thurston Hall Fire and the B'nai B'rith Siege. Invited presentation to the George Washington University Counseling Center, The George Washington University, April 27, 1979.

Co-Chairman of Special Interest Group Meeting, "Psychologist in HMOs," National Convention, American Psychological Association, New York City, September 1, 1979.

Cognitive Behavior Therapy: A Comparison of Group and Individual Formats (with C.S. Shaffer and J. Shapiro). Paper presented at the National Convention. American Psychological Association, New York City, September 4, 1979.

How to Conduct Rational-Cognitive Therapy Outcome Studies in a Clinical Setting (with C.S. Shaffer, J. Shapiro, & D.J. Coghlan). Paper presented at the Third National Conference on Rational-Cognitive Therapy, New York City, June 6, 1980.

Cognitive Behavior Therapy: A Comparison of Group and Individual Formats (with C.S. Shaffer, J. Shapiro, & D.J. Coghlan). Paper presented at the Third National Conference on Rational-Cognitive Therapy, New York City, June 8, 1980.

Cognitive Behavior Therapy Follow Up: Group Versus Individual Formats (with C.S. Shaffer, J. Shapiro, & D.J. Coghlan). Paper presented at the National Convention, American Psychological Association, Montreal, Canada, September 3, 1980.

Effects of Psychological Interventions on "At Risk" Patients' Medical Utilization (with C.S. Chaffer, J. Shapiro, & D.J. Coghlan). Paper presented at the National Convention, American Psychological Association, Montreal, Canada, September 3, 1980.

Survey of Psychologists Working in Health Maintenance Organizations (with C.S. Shaffer, J. Shapiro, & D.J. Coghlan). Paper presented at the National Convention, American Psychological Association, Montreal, Canada, September 3, 1980.

Chair, Special Interest Group Meeting "Psychologist in HMOs." National Convention, American Psychological Association, Montreal, Canada, September 1, 1980.

PROFESSIONAL PRESENTATIONS (Continued):

Chair, Symposium on the Promise of Health Maintenance Organizations (HMOs) - "Implications for the Training of Professional Psychologists." National Convention, American Psychological Association, Montreal Canada, September 4, 1980.

Chair, Open Meeting, American Psychological Association (APA) Task Force on Psychology in HMOs. National Convention, American Psychological Association, Montreal, Canada, September 2, 1980.

Advanced Workshop Leader,,Health Maintenance Organizations (HMOs) - How They Work and How to Work in Them. Workshop presented at the National Convention, American Psychological Association, Los Angeles, August 24, 1981.

Cognitive Behavior Therapy in Groups: Structured versus Unstructured Formats (with C.S. Shaffer, J. Shapiro, & D.C. Donovan). Paper presented at the National Convention, American Psychological Association, Los Angeles, August 25, 1981.

Group Versus Individual Cognitive Behavior Therapy: Twelve Month Follow Up (with C.S. Shaffer, J. Shapiro & D.C. Donovan). Paper presented at the National Convention, American Psychological Association, Los Angeles, August 28, 1981.

Chair, Special Interest Group Meeting, "Psychologists in HMOs," National Convention, American Psychologists Association, Los Angeles, August 28, 1981.

Panelist, Employment Opportunities for Health Psychologists Outside of Psychology Departments -- the HMO perspective. National Convention, American Psychological Association, Washington, D.C., August 26, 1982.

PROFESSIONAL AFFILIATIONS

American Psychological Association -- Member

  Division 18 -- Psychologists in Public Service -- Member
  Division 29 -- Psychotherapy -- Member
  Division 38 -- Health Psychology -- Charger Member

Association for the Advancement of Behavior Therapy -- Member

D.C. Psychological Association -- Member

Behavior Therapy and Research Society -- Clinical Fellow

The American Association of Sex Educators, Counselors, and Therapists -- Member

COMMITTEES/PROFESSIONAL SERVICE:

George Washington University Medical Center Faculty Senate, Elected term 1977-1979.

Chairman, Faculty Committee on Appointments, Promotions, and Tenure, Department of Health Care Sciences, 1977-1979.

Chairman, Academic Affairs Committee, Department of Health Care Sciences, 1978-1981.

Member, Goals and Priorities Committee, Department of Health Care Sciences, 1978-1982.

Member, Health Care Committee, Division of Health Psychology (38), American Psychological Association, 1979-1981.

Co-Chairman, HMO Interest Group for the American Psychological Association, Office of Professional Affairs, 1977-1981.

Chairman, Task Force on Psychology in HMOs. Sponsored by the National Register of Health Service Providers in Psychology. Washington, D.C., October 8, 1979.

Chairman, Task Force on Psychology and HMOs. Sponsored by the Board of Professional Affairs, American Psychological Association, 1980 and 1981.

Review Board Member, Council for the National Register of Health Service Providers in Psychology, 1980-1982.

Editorial Board Member, Health Psychology -- 1981-1983.

Guest Review Board Member, Journal of Behavior Therapy and Experimental Psychiatry.

Guest Review Board Member, Health Psychology.

Guest Review Board Member, American Psychologist.

REFERENCES

On Request.

BRIEFING BOOK EX 40

III. THE INDICTMENT MUST BE DISMISSED BECAUSE IT CONSTITUTES A SELECTIVE PROSECUTION THAT VIOLATES THE DEFENDANT'S FIFTH AMENDMENT RIGHT TO EQUAL PROTECTION OF THE LAW

As the Defendant sets forth with specificity in subsections A and B post, the defendant alleges that as a matter of fact and of law his prosecution here is unconstitutionally selective and discriminatory and therefore the indictment is fatally defective and must be dismissed.

The long line of cases flowing from Yick Wo v. Hopkins, 118 U.S. 356 (1886) has clearly held that the Fifth Amendment Due Process Clause must be implemented with the consequence that equal protection of the law is not limited to the enactment of fair and impartial legislation, but inescapably extends to the application of these laws. Bolling v. Sharpe, 347 U.S. 497 (1954). See United States v. Falk, 479 F.2d 616, 618 (7th. Cir. 1973) citing Yick Wo supra.

However, mere selectivity in prosecution, standing alone, creates no constitutional problem. Oyler v. Boyles, 368 U.S. 448, 456 (1962). Nonetheless, Oyler does not appear to preclude the granting of relief against intentional or purposeful discrimination against an individual. Oyler did not allege intentional discrimnation against himself and merely attempted to show by statistical evidence that fewer than all multiple offenders were given heavier sentences. However, Judge Lumbard has stated that Oyler does not preclude the granting of relief against intentional or purposeful discrimnation against an individual. Moss v. Horning, 314 F.2d 89, 93 (2d Cir. 1963). See, United State v. Falk, 479 F.2d 616, 619 (7th. Cir. 1973).

Numerous cases following Oyler and delivered through various District Courts and United States Courts of Appeals have established a two pronged test for establishing a prima facie case of prohibited and constitutionally offensive selective prosecution. The defendant must show first that others similarly situated generally have not been prosecuted for conduct similar to that for which the defendant was prosecuted, and second, that the Government's discriminatory selection of defendant for prosecution was based on impermissible grounds such as race, religion, or exercise of the Defendant's first amendment right of speech. United States v. Scott, 521 F.2d 1188, 1195 (9th. Cir.) cert. denied, 424 U.S. 955 (1975); United States v. Berrios, 501 F.2d 1201, 1211 (2d. Cir. 1974); United States v. Ecklund, 551 F. Supp. 964, 968 (S.D. Iowa 1982). See United States v. Wayte, 549 F. Supp. 1376, 1380 (C.D. Cal. 1982).

The concept of intentional and purposeful discrimination was explained in United States v. Berrios, 501 F.2d. at 1211 (1974) as follows:

> To support a defense of selective or disciminatory [sic] prosecution, a defendant bears the heavy burden of establishing, at least prima facie, (1) that, while others similarly situated have not generally been proceeded against because of conduct of the type forming the basis of the charge against him, he has been singled out for prosecution, and (2) that the government's discrimnatory selection of him for prosecution has beed invidious or in bad faith, i.e., based upon such impermissible considerations as race, religion or the desire to prevent his exercise of constitutional rights. These two essential elements are sometimes referred to as 'intentional and purposeful discrimination'."

Id. See, United States v. Torquato, 602 F.2d 564, 568-569 (3d Cir.1979); United States v. Steele, 461 F.2d 1148 (9th Cir. 1972), and United States v. Falk, supra.

The Seventh Circuit has expanded the scope of the second prong of the test to include "...the desire to penalize the exercise of constitutional rights." United States v. Niemiec, 611 F.2d 1207, 1209 (citing United States v. Peskin, 527 F.2d 71, 86 (7th. Cir. 1975), cert. denied, 429 U.S. 818 (1976). See United States v. Swanson, 509 F.2d. 1205, 1208 (8th. Cir. 1975) and United States v. Berrios, 501 F.2d 1207 (2d. Cir. 1974). Unequal application of the criminal laws does amount to a constitutional violation if there is present an element of intentional or purposeful discrimination. Snowden v. Hughes, 321 U.S. 1, 8 (1944).

Finally, it is undisputed as a matter of Constitutional law that a defendant cannot be convicted if he proves unconstitutional discrimination in the administration of a penal statute. Two Guys from Harrison-Allentown, Inc. v. McGinley, 366 U.S. 582, 588 (1961). The Defendant is entitled to dismissal of the indictment if his evidence ultimately demonstrates that the authorities purposefully discriminated against him in the exercise of his constitutional rights and liberties.

The burden of proving such discrimination is placed upon the defendants. United States v. Malinowski, 472 F.2d 850, 860 (3rd Cir. 1973).

It appears that it is the responsibility of the judiciary to protect indivduals from abuses of prosecutorial discretion which violate the constitutional rights of defenants. See, Project: Criminal Procedure, 69 Geo.L.J. 318-319 and notes 854-858 (1980).

A. The Prosecution Here is Selective

Defendant is and has been intentionally discriminated against in the application of criminal investigative processes and procedures, including the use of a Federal Grand Jury and indictment on the basis of prosecutorial activities which form an unjustifiable standard for selectivity in prosecution. Falk, supra at 619.

Three recent cases involving Members of Congress, one of whom was a United States Senator, have each unsuccessfully raised issues of selective prosecution.[5/] In contra distinction to

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[5/] In United States v. Diggs, 613 F.2d 988(D.C. Cir 1979) the United States Court of Appeals for this Circuit considered the selective prosecution arguments of Congressman Charles Diggs that there was a general danger of selective prosecution of Congressmen for actions relating to their official responsibilities which could be used as a weapon to discipline political foes. The court dismissed the issue because the Defendant made no colorable showing whatsoever that he was prosecuted for improper political purposes, though the Court did express clear support for the integrity of the legislative process requiring careful judicial inquiry into a Congressman's claim of discrimnatory prosecution citing United States v. Brewster, 408 U.S. 501, 555-558,(1972)(White, J., dissenting). Id. at 1003-1004.

In United States v. Myers, supra the United States Court of Appeals for the Second Circuit passed upon, inter alia, the appeal from the District Court's rejection of Myers' discrimnatory enforcement challenge to his indictment reciting the familiar Berrios formulae and noting that Myers made no claim whatever that any others similarly situated had not been prosecuted, nor did he supply by affidavit or otherwise information that he was, as he claimed, a disfavored legislator. United States v. Myers, 635 F.2d at 940-941

The United States District Court for the Eastern District of New York has rejected claims of selective prosecution by former United States Senator Harrison Williams reaching issues of singleing out for prosecution, negative selection for prosecution, and interference by superiors in the Department of Justice. United States v. Williams, 529 F. Supp. 1085 (E.D. N.Y.

these more recent and lamentable cases involving Members of Congress, the Defendant alleges and contends, as is more fully set forth in the ensuing portion of this Memorandum and as supported by the attached Appendicies, that -- (1) he has been singled out for prosecution while others similarly situated have not only not generally but also not ever been proceeded against either by civil or criminal procedures with respect to conduct of the type forming the basis of the charges against him, and (2) the Government's discriminatory selection of him for prosecution has been based upon impermissible considerations including the Government's desire to prevent the Defendant from exercising his Constituional rights under the First Amendment and from exercising fully the scope of his office as a Member of Congress duly elected and qualified under Article II of the Constitution for the United States of America. United States v. Niemiec, 611 F.2d 1207, 1209 (7th Cir. 1975).

It is uncontested, and the Government has explicitly conceded in open court and on the record in this case, that this action presents new and novel questions of first impression concerning the interaction of the Ethics in Government Act and 18 U.S.C. §1001. The indictment charges, in conclusory terms as acts constituting criminal offenses, legislative activities by the Defendant which are committed solely to the review and disciplinary purview of the United States House of Representatives.

1981), 644 F.2d 950 (2d Cir. 1981).

With respect to the satisfaction of the first element of the two pronged test, Defendant asserts that he is the first and only Member of Congress, member of the Federal Judiciary, or member of the Executive Branch required to file a Report under the Ethics in Government Act who has ever been indicted for a violation of 18 U.S.C. §1001 on the basis of reports relating to the reports required to be filed under EIGA.

The Comptroller General of the United States has issued a report,[6/] which clearly reflects that as of May 30, 1980, 420 employees and candidates required to file EIGA reports with the House of Representatives and 111 employees and candidates required to file EIGA reports with the United States Senate had failed even to comply with the most basic requirement of filing. The same statistics for non-filing as of October 17, 1979 reflected 103 and 147 non-filers for the House of Representatives and the Senate respectively. The pertinent portion of the GAO Report setting forth these statistics is attached hereto as Exhibit I.

Of all those who did file such reports since the EIGA became effective, it appears that the Department of Justice has investigated one and only one person, the Defendant. It further appears that one and only one person, the Defendant, has been indicted with relation to these EIGA reports, and that indictment

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[6/] Comptroller General of the United States, "The Financial Disclosure Process of the Legislative Branch Can Be Improved" (FPCD 81-20)(March 4, 1981).

is premised upon an inapplicable general criminal statute for a matter which is only civil and not penal in nature and which is committed as a matter of law to the exclusive review of the House of Representatives.

Defendant knows of no one who has been subjected to the civil penalties provided under EIGA. Defendant is aware of no instance of anyone even being investigated by the Department of Justice either under civil or criminal standards for EIGA violations, except of course the Defendant.[7/]

B. The Prosecution of Defendant Was Based Upon His Extensive and Continuing History of Confrontation and Harsh Criticism with the Executive

The defendant was first elected to Congress in 1964 and served two consecutive terms before seeking another office. Thereafter, he was again elected in 1974 and has served continuously since that time. During both his first and second

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[7/] The Court may note with interest that the present Attorney General of the United States filed his EIGA report for his first year in office with sufficient error, by omissions of controversial tax shelter partnership interests and a $50,000.00 severance payment, that it became a matter of press notoriety to the extent that an amended report was necessary. Since his report was, if the Government's theory in this prosecution is accepted ad arguendo, subject to the provisions of 18 U.S.C. §1001, the Defendant wonders with a certain sense of awe at the ability of the Department of Justice to review the Attorney General's filing and find no prosecutable activity. In fact, it is doubtful that the question of the possible applicability of 18 U.S.C. §1001 to EIGA reports ever occurred to the Department of Justice until it found itself at the end of an otherwise unproductive grand jury investigation seeking some way to prosecute the Defendant. New York Times, May 13, 1982 at B-17., New York Times, June 5, 1982 at 8., New York Times, July 22, 1982 at A-14., and Washington Post, July 22, 1982 at A1, A-13.

periods of service, he has been involved in controversy with several executive agencies of the Federal Government. These occasions invariably involved his accusation of misconduct on the part of federal officers of those agencies. A short, exemplary list of some of those controversies follows.

Internal Revenue Service

In 1976, the Congressman began a dispute that lasts to this day with the Internal Revenue Service, which arose out of the treatment by the Service of compensation by the federal government of people in Idaho resulting from the collapse of a federal dam under construction. The conflict revolved around treatment of reimbursement as capital gains. See Exhibit II.

Beginning with that confrontation, people from other parts of the nation began to address their complaints about IRS collection misconduct to him. A sufficient number of those complaints were substantial enough that in 1980-1981 the Congressman wrote a book detailing his complaints that the collection practices of the IRS were improper and, in many cases, illegal. The book included a number of case histories and internal documents of the IRS supporting his allegations. See Exhibit III.

In November of 1981, the Congressman introduced H.R. 4931 which proposed to reduce the collection authority to the level available to any other government agency. This bill was co-sponsored by well over 100 legislators. At the same time he introduced H.R. 4821, a bill to eliminate progressive taxation and apply a single rate of taxation to all taxpayers without regard to income. In support of this legislation, he introduced into the Congressional Record a series of entries entitled "The IRS Strikes", outlining some of the more unacceptable practices of the collection arm of the IRS (Exhibit IV). In addition, the Congressman initiated complaints directly to the Commissioner of Internal Revenue, first with then Commissioner Jerome Kurtz and later with his successor, the current Commissioner Roscoe P. Eggers (Exhibit V).

Failing to receive what he considered responsive answers to his complaints about IRS collection practices, the Congressman began to lobby for a hearing on those practices before the Subcommittee on Oversight of the Committee on Ways and Means of the House of Representatives. On April 26, 1982, such a hearing took place -- the first such open hearing in almost thirty years (Exhibit VI, pp. 9-21) (Serial 97-81).

During the entire controversy with the Internal Revenue Service, the Congressman has made plain that he questions the honesty, integrity and truthfulness of officers of that Service. More importantly, he has published, both in the Congressional Record and privately (Exhibit VII), his negative view of the policy and conduct of the IRS in collecting taxes.

Department of Justice

Partly as a consequence of the continuing controversy with the IRS, the Congressman had occasion to bring to the attention of the Department of Justice four areas in which the Department had cooperated with the IRS in activities which he viewed as improper and illegal. In a series of letters, he complained to the Attorney General of the United States concerning the four issues

(1) The creation and maintenance of lists of taxpayers to be specially targeted by the IRS and with the assistance of the FBI.

(2) The probably criminal use of bugging by the IRS in the ordinary course of its work with the consent and authorization of the Department of Justice.

(3) The transmission to federal prosecutors of tax information on jurors in contravention of the limits imposed by 26 U.S.C 6103(h)(5).

(4) The improper use of grand jury subpoenas by the Department of Justice to assist the IRS to circumvent the provisions of the Tax Reform Act of 1978 (Exhibit VIII.)

The letters speak for themselves as to the issues raised in them. The merits of the controversies are not relevant here. They are, however, matters over which the Congressman was greatly concerned and amelioration for which he sought from the Department of Justice over a considerable period of time.

They all have two additional characteristics. If publicized, they had the potential to embarrass the Department and, if no corrective measures were taken, the Congressman threatened to make each of them public issues. The Congressman did subsequently publicize these issues and events on the nationwide CBS Television Program "60 Minutes", through extensive hearings before the Committee on Ways and Means of the United States House of Representatives (the first House hearings in 30 years on IRS collection procedures), and by a series of Congressional Record entries concerning the Service.

In some instances such responses as were received to the Congressman's letter were made on behalf of the Department of Justice by the Head of the Criminal Justice Division, D. Lowell Jensen. In at least one instance, that same individual was the direct addressee of the correspondence. Without exception, the Department took the position that it had a justifiable legal position and did not need to respond to the substance of the Congressman's complaint.

The Immigration and Naturalization Service (INS)

The Congressman represents a farming area which is very labor-intensive and is dependent on transient labor. As might be anticipated, he has had considerable contact with the INS, both on a constituent service basis solving individual problems between INS and his constituents and on the basis of continuing concern for legislation which would protect the rights and interests of both the farmers and of the transient laborers who work in the area.

Early in 1981, substantial policy changes occurred within the administration of the INS which resulted in the arrests of several Idaho farmers for trafficking illegal aliens. The farmers were ultimately tried under federal criminal jurisdiction. The Congressman led the fund raising for the defense of these farmers.

In pretrial statements, the government's chief witness and a member of the INS admitted the main elements of the government's factual case. Agents of the INS had crossed the border into Mexico, and, posing as employment agents called "coyotes", had brought into the United States aliens for whom they were alleged to provide employers. These aliens were brought to Idaho and the INS agents procured their employment by several Idaho farmers. Once the hiring was accomplished, the INS agents had the farmers arrested for trafficking illegal alien workers.

The Congressman was outraged by what he viewed as entrapment, and by the lack of ordinary fairness in the INS handling of the case. Expressing these views, he twice wrote to the Attorney General, asking for an investigation of the actions of the INS in the case (Exhibits IX and X). Between the two letters, the farmers had been acquitted by the Federal Judge at the close of the government's case because of Federal entrapment activities.8/

Again, as in all of the other cases of government agent misconduct referred to the Department of Justice by the Congressman, no investigation was made and no disciplinary action was taken against the INS agents. The Congressman concluded that the reason was simply that the federal government had adopted criminal means to meet their responsibility as a matter of national policy.

8/ United States v. Eldon Hart and Dallas Ray Serr, Criminal No. 81-1009 (July 19, 1981)(Unreported)(D. Idaho, 1981).

Occupational Safety and Health Administration

In 1975, pursuing the alleged purposes of the then new OSHA, inspectors from the local office of OSHA attempted to enter the premises of a small contractor in Pocatello, Idaho. The businessman resisted and refused entry to the inspectors on the ground that they lacked a search warrant and were, therefore, without authority to compel entry. This set off a years-long battle in which the Department of Justice, acting for the Department of Labor, prosecuted the contractor for his resistance.

The Congressman entered the conflict immediately, raising money for legal costs and marshalling opposition to the concept of warrantless entry as an attempt to strip a Constitutional right by a mere statute. The matter ultimately reached the Supreme Court, where the contractor prevailed.[9] In the course of the conflict, the Congressman had raised more than $100,000 for the defense and had turned the popular mind against the protection of safety at the cost of the Bill of Rights (Exhibit XI).

Litigation Against the Executive Branch

Over the past few years, the Congressman has challenged the Department of Justice in a series of suits in which he was the implacable plaintiff against further erosion of Constitutionally protected liberties. In January, 1977, he sued the President, alleging that he lacked the authority to pardon draft evaders.[10/] He was a plaintiff against NOW and the International Women's Year for misuse of federal funds.[11/] He sued in his own name and assisted three states to sue to obtain a clarification of the recission of a state vote on the proposed Constitutional Amendment called the ERA.[12/]

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[9] Marshall v. Barlows, Inc., 436 U.S. 307 (1978).

Foreign Affairs

He was a leader in the fight to prevent the ratification of the Panama Canal Treaties and came within two votes of defeating the Treaties in the House. See Exhibit XII. He was also a named party in the civil litigation designed to determine the Presidential authority to dispose of the Canal. See, Edwards et al. v. Carter, et al., 445 F. Supp. 1279 (D.D.C.1977), 580 F.2d 1055(D.C. Cir. 1977), 436 U.S. 907 (1977).

The Congressman has actively instigated litigation against the Executive with respect to the change of diplomatic relations with the Republic of China. See, Goldwater et al. v. Carter et al., 444 U.S. 996 (1979).

The Congressman also deeply angered the Executive Branch and embarassed both the Department of State and the Department of Justice by successfully negotiating with the authorities in Iran

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[10/] Hansen v. Carter et al., Civil Action No. 77- (D.D.C. 1977(dismissal for want of jurisdiction(unreported opinion).

[11/] Hansen v. National Commission on the Observance of International Womens Year, et al. - F. Supp. -, (D. Idaho, 1980), 628 F.2d 533 (9th Cir., 1980)

[12/] Freeman v. Idaho, 529 F.Supp. 1107 (D. Idaho 1981) during that period of time when United States personnel were being held hostage and succeeded in establishing communications between the hostages and their families when the Executive Branch failed utterly to do so to its profound political embarassment. See Exhibit XII.

Energy and Banking Issues

The Congressman has incurred the immense anger and displeasure of both the financial community and the Executive Branch in the controversies concerning the Bonneville Power Administration and the Rural Electrification Administration by his harsh and unrelenting criticism of their coercive and fraudulent tactics in compelling participation by rural electrical cooperatives serving his constituents to subscribe to a murderously burdensome financial program to rescue nuclear utilities in the Pacific Northwest from financial collapse. See Exhibit XIV.

In summary, the Congressman has consistently and over a long period of time opposed many agencies of the federal government on a coherent basis of resisting erosion of the rights and privileges of citizens in the guise of Executive assertions of need for revenue, efficiency, safety or expediency. In a disproportionate number of those cases, his views have prevailed to the embarrassment of the Executive Branch. In short, he represents a clear and present danger to the view that the Government is not answerable to the electorate in how it manages the affairs of the operation of day-to-day government.

In sum, as a modern day heir and advocate of the Jeffersonian philosophy that the government that governs best is the government that governs least, the Congressman has become such a thorn in the side of so many bureaucrats in the Executive Branch and by means so tempestuous that he has been singled out in a cunning way for economic and political retribution and retaliation through this indictment. That his selection for this task comes as the result of the invisible wheels of the Department of Justice comes as little surprise to the Defendant, but must at the least be the subject of close judicial scrutiny.

"In order to enable and encourage a representative of the public to discharge his public trust with firmness and success, it is indispensably necessary, that he should enjoy the fullest liberty of speech and that he should be protected from the resentment of every one, however powerful, to whom the exercise of that liberty may give offense." Tenney v. Brandhove, 341 U.S. at 373 [quoting II Works of James Wilson 38 (Andrews ed. 1896)] (emphasis added).

In light of the applicable law and the undeniable level of antagonism between the Executive Branch and the Defendant, including direct and personal conflicts with the very officers of the Department of Justice who have presumably authorized this prosecution, the Defendant submits that he has met the burden of both law and fact and that the indictment should be quashed as fatally defective in that it results from constitutionally impermissible selective prosecution. Even if the indictment should not be thus dismissed, the Defendant contends that he must have discovery against the United States with respect to this issue.

REPORT OF SPECIAL COUNSEL UPON COMPLETION OF PRELIMINARY INQUIRY

REPORT OF SPECIAL COUNSEL UPON COMPLETION OF PRELIMINARY INQUIRY

On April 4, 1984, pursuant to Rule 14 of the Rules of the Committee on Standards of Official Conduct, this Committee commenced a preliminary inquiry into whether any of the offenses for which Representative George V. Hansen was convicted on April 2, 1984, constituted a violation over which the Committee has jurisdiction. Attached to this report are copies of the documentary evidence received in the preliminary inquiry, including: relevant portions of the transcript of Congressman Hansen's trial on charges of violating 18 U.S.C. § 1001; relevent trial exhibits; selected correspondence and submissions from Congressman Hansen's counsel to the Committee and a transcript of the oral testimony of Congressman Hansen given before the Committee on May 17, 1984.[1]

1. THE INDICTMENT

On April 7, 1983, Congressman Hansen was indicted by a Federal Grand Jury in the District of Columbia. The indictment charged him with four counts of filing false statements in violations of 18 U.S.C. § 1001 based on his financial disclosure filings under the Ethics in Government Act. The four counts involved (1) excluding personal loans of a total of $135,000 from Carl McAfee, Odell Rodgers and John Meade in 1982, (2) excluding his wife's indebtedness of $61,503.42 to Nelson Bunker Hunt in 1981, (3) excluding his wife's profit of $87,475 from silver transactions in 1980 and (4) excluding his wife's indebtedness of $50,000 to a Dallas bank in 1979 (Tr. 1944–1950).[2]

2. SUMMARY OF THE EVIDENCE

A. Hansens' Financial Relationship

Starting in 1976, over concerns about their financial condition, Congressman George V. Hansen and his wife Connie started to devise means by which they could raise funds to pay back debts that they owed (Tr. 1014). The plan devised was for the Congressman to solicit funds of $100 or less from individuals outside his congressional district and to apply those funds to his personal debts (Tr. 1021–1023). After consultations with his personal attorney John L. Runft, Congressman Hansen wrote to the Federal Election Commission ("FEC") and advised it of his solicitation plan (Def.Ex. 30; Tr. 1017). On March 30, 1977 the FEC wrote to the Congressman (Def.Ex. 32) stating that the Federal Election Campaign Act of 1971 "would not apply" to the plan as proposed. The FEC went on to state:

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[1] "Relevancy" was determined as follows: Special Counsel designated those portions of the trial transcript and those trial exhibits they thought were relevant to the Committee's consideration. By letter dated April 18, 1984, Congressman Hansen's counsel was given the opportunity to cross-designate. Congressman Hansen's attorneys took advantage of this invitation and worked out those portions of the transcript and those exhibits which they wanted included. Thereafter, on May 17, 1984, Special Counsel and Congressman Hansen's attorney entered into a stipulation agreeing that the portions and exhibits agreed upon were those which were relevant to the Committee's consideration.

[2] "Tr." references are to the trial transcript, attached as an appendix hereto.

> The Commission's conclusion that the described plan is not within the Act should not be construed as Commission endorsement or approval of the plan; . . . The Commission also notes the possible application of the Rules of the House of Representatives to this situation . . .

(Def.Ex. 32). Prior to receiving the FEC's response, Congressman Hansen, on March 14, 1977, sent a letter to the House Select Committee on Ethics ("Ethics Committee") (Def.Ex. 31), advising it of his request to the FEC and asking for the Committee's "comments and suggestions" of the plan (Tr. 1040). On April 5, Congressman Hansen again wrote the House Ethics Committee (Def.Ex. 34) to advise it of the FEC's response and to propose various alternatives—direct mail, independent committee—to the solicitation program (Tr. 1040).

In response to the Congressman's letters, the Ethics Committee, on May 11, 1977, issued Advisory Opinion No. 11 (Def.Ex. 35) concluding that neither a member, his or her spouse or a committee such as the one proposed by Congressman Hansen could solicit funds for the member's "unrestricted personal use" (Tr. 1047). [The Committee's total advice is contained in two Advisory Opinions—No. 11 issued in direct response to Congressman Hansen's March and April inquiries and Advisory Opinion No. 4 issued sometime earlier.]

After receiving this advice, Congressman Hansen again conferred with Mr. Runft to find a "legal and proper way of proceeding forward . . . in a fashion that was open and within the bounds of the law" (Tr. 1048). The alternative agreed upon was a "property settlement agreement" in which Congressman and Mrs. Hansen would give up the automatic, legal rights each had to the other's assets and debts (Tr. 1063). Then, according to this agreement, the debts would be transferred to Mrs. Hansen. Thereafter, Mrs. Hansen could solicit gifts to eradicate what would then be her debts alone (Tr. 1048–1050; Def.Ex. 40). Following the Hansens' agreement, Mrs. Hansen wrote to the Ethics Committee on June 3, 1977 (Def.Ex. 36) stating that Congressman Hansen would abide by the advisory opinions, but she would not let "Congress . . . deprive [her] of the basic rights of a citizen . . . to pay [her] bills and protect [her] home." She went on to say that she and the Congressman had separated their finances "with considerable difficulty" and that she was going to raise funds for what were now her debts.

At the time of the June 1977 letter, the Hansens did not send the Committee an actual copy of the property settlement agreement or provide specific information concerning how they planned to maintain their financial lives (e.g. tax returns, bank accounts, mortgages) in the future. On June 8, Chairman Richardson Preyer, on behalf of the Ethics Committee, wrote to Mrs. Hansen (Def.Ex. 37) stating that the Committee did not intend to deprive her of her civil rights and explained the change in rules prohibiting the kind of solicitations that Congressman Hansen originally had proposed (Tr. 1059).

The property settlement agreement (Def.Ex. 40) was drafted in June and finally executed by the parties on September 30, 1977 (Tr. 1066). In conjunction with the property settlement agreement, the

Hansens also executed three quit-claim deeds (Def.Exs. 75-77) in which the Congressman gave up to Mrs. Hansen his interest in their then existing real property (Tr. 1071-72, 1135-36). Under the terms of the property settlement agreement, Congressman Hansen was given the family's personal debts and obligations, and Mrs. Hansen was given the real property and the debts for which the Hansens originally wanted to solicit funds (Tr. 1122, 1228). As explained by the Congressman's attorneys, under the property settlement, Congressman and Mrs. Hansen did not have to live their financial lives separately (Tr. 1055-60, 1346). It simply dissolved the automatic right each had to the other's assets and liabilities. After the settlement, Congressman and Mrs. Hansen could continue to engage in joint finances, but this would have to be the result of an express decision to do so, as any two people could do. Following this execution, Mrs. Hansen did proceed to collect over $100,000 (Tr. 1074, 1265).

The prosecution cross-examined Mrs. Hansen and others about the claimed debts. The Hansens' two attorneys did not recall the amounts or people to whom the Hansens owed the alleged $372,000 (Tr. 1141-42, 1481-83). Mrs. Hansen too was somewhat vague about the source of the debts claimed (Tr. 1325). The Hansens' trial counsel told the court that there was no documentation of these debts (Tr. 1036), and the Hansens' tax return for the year in which Mrs. Hansen asserted the debts showed $818 in interest deductions for personal loans (Tr. 1270).

The evidence at trial showed that the property settlement was never filed with a court or in a public place (Tr. 1116). Consequently, it neither changed the right of an existing creditor to seek payment from either Hansen, nor did it alter the right of future creditors to do the same thing. After the agreement went into effect, the Hansens continued to live their financial lives together. They maintained joint bank accounts (Tr. 1232); they continued to file joint tax returns in which assets and liabilities of each spouse were declared for the benefit of both (Tr. 1233); they continued to own and purchase cars in both their names (Tr. 478, 1234, 1237-38); and they even continued to hold, buy and sell real estate in both their names (Tr. 478, 1241, 1229, 1261-64). The prosecution showed, for example, that one of the properties for which Congressman Hansen had executed a quit-claim deed in conjunction with the property settlement, was subsequently sold by the Hansens in both names (Tr. 1261-64) and was declared jointly in their taxes that year (Tr. 1264). Mrs. Hansen acknowledged that some financial statements for years after the property settlement went into effect also showed joint assets and liabilities (Tr. 1253-57). Mrs. Hansen also stated at the trial that it was possible that some of the $100,000 which had been raised by her solicitations had been spent by the Congressman or had been spent for his benefit (Tr. 1267-81). Bank records revealed that on July 11, 1977 a sum of $4,700 was in fact transferred from the solicitation account to the Hansens' joint account (Govt.Exh. 72; Tr. 1281).

B. Nelson Bunker Hunt Loan

Congressman and Mrs. Hansen met Nelson Bunker Hunt in 1976 at a social reception (Tr. 81, 1196). The Congressman took Mr.

Hunt aside at this dinner and asked him for money to help him with debts resulting from legal bills and political fights (Tr. 82). Mr. Hunt said he was sympathetic to the Hansens but that he did not want to just "reach into his pocket" to make a contribution (Tr. 82). Instead, Hunt told the Congressman that he would help him make some money on his own. After additional thought, Hunt thought that helping the Congressman directly "might not look good," "might be suspicious" and might "be a problem" (Tr. 84). Congressman Hansen told Hunt that he and Mrs. Hansen were separating their finances and Hunt could help by helping Mrs. Hansen (Tr. 97). At the time of this conversation, the Hansens' separation agreement had not yet been executed, but it had been discussed and agreed upon in principle between Mr. and Mrs. Hansen (Tr. 85). Mr. Hunt's plan was to pass on to Mrs. Hansen when "he heard of a good stock investment or perhaps a good commodity investment or something" (Tr. 97). Mrs. Hansen described this arrangement as follows: ". . . [I]f you give a person a fish and he'll eat for a day, but you teach him to fish and he'll eat for his life . . ." (Tr. 1197).

Pursuant to that agreement, Mr. Hunt did call Mrs. Hansen and told her to get in touch with a commodities broker in Chicago named Owen H. Nichols (Tr. 99, 1198) in order to place an order for soybeans futures. On April 20, 1977 Hunt called Nichols and purchased a large quantity of soybean contracts (Tr. 189). In total, 250,000 bushels of soybeans were purchased at a total paper value of $2,489,700 (Tr. 191).[3] Later on April 20, 1977 Hunt again called Nichols. This time he told him to transfer the 250,000 bushels into a new account for Mrs. Hansen. These same bushels were sold later that day, netting a profit of $51,775.00 (Tr. 197). Mr. Nichols did not talk with Mrs. Hansen about the transaction until after the market had closed and the profit made in her name (Tr. 200). Following April 20, another soybean transaction was made by Mr. Nichols on Mrs. Hansen's behalf (Tr. 204). This one, involving 100,000 bushels with a paper value of $1,046,000, resulted in a minor loss of $410 (Tr. 205). Again Mr. Nichols made these transactions on the advice of Mr. Hunt. Finally, on April 25, 1977, Mr. Nichols bought 200,000 more bushels of soybeans on Mrs. Hansen's account (Tr. 206). These bushels, worth $2,050,000, were sold on April 29, resulting in a loss of $85,220 (Tr. 208). All of the transactions, then, produced a $33,855 loss to Mrs. Hansen (Tr. 208).

When Mr. Hunt heard of the loss, he telephoned Mrs. Hansen (Tr. 101) and then arranged for her to come to Dallas in order to arrange for a loan to pay her loss (Tr. 101, 1200). On May 27, 1977 an aide to Mr. Hunt called Sam Henry, a Senior Vice President at the First National Bank of Dallas, to arrange for a loan for Mrs. Hansen (Tr. 259). On the same day, Mrs. Hansen came to the bank and signed the necessary papers and received a cashier's check for $50,000 (Tr. 259-60). Mrs. Hansen told the bank and put down on the loan papers that the $50,000 was for "personal expenses" (Tr.

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[3] Commodities transactions have a certain "paper" value, that is the total value of the commodity if it was kept and delivered at its future date. This "paper" value has significance only when the purchaser actually wants to take delivery or if the value of the commodity plummets dramatically. In the latter case, the paper value would define the upper limits of the risk.

262). Hunt co-signed the $50,000 loan from the First National Bank of Dallas to Mrs. Hansen (Tr. 101). The $50,000 check was endorsed by both Congressman and Mrs. Hansen, deposited in one of their joint accounts, and used by both for personal expenses (Tr. 292–300). Mrs. Hansen paid the $33,855 soybean loss with a $40,000 check (Tr. 1287).

Mrs. Hansen executed notes to Mr. Hunt on October 26, 1978 (for $3,107) and on June 3, 1980 (for $61,503) (Tr. 109–110). These notes have not yet been paid (Tr. 975). On the ninety-day periods on which interest for the note was due, the bank sent notices to Mrs. Hansen (Tr. 265). No interest was paid, and after a second notice, Congressman Hansen called the bank and told them that a check for the accrued interest would be sent (Tr. 267). Thereafter, Mr. Hunt arranged for the payment of the interest to date (Tr. 268). In November 28, 1978, the one year note was extended for another year, again with Mr. Hunt's guarantee (Tr. 270). The actual renewal occurred in January 1980 and was backdated at that point because that is when the interest was paid and the loan was current (Tr. 271). Before the loan was ultimately paid by Mr. Hunt in June 1980, the bank contacted Congressman Hansen on a few other occasions about the loan interest payments (Govt. Ex. 20–22) (Tr. 275).

Mrs. Hansen ultimately did not pay the Dallas bank for the note and the bank, on June 3, 1980, turned to Mr. Hunt for collection. Hunt paid the bank $61,503.42 representing principal and interest on the loan (Tr. 104, 275).

There was no dispute that the $50,000 Dallas loan extension, the payments by Nelson Bunker Hunt and the notes to Mr. Hunt were not included in Congressman Hansen's financial disclosure forms for 1978 through 1980.

C. Silver Transaction Profits

In November 1978, Congressman Hansen was re-elected. In January 1979, Mr. Hunt called Mrs. Hansen again (Tr. 114, 1206). Mr. Hunt, aware of Mrs. Hansen's loss from the soybean transaction, now recommended that she consider investing in silver (Tr. 114, 1206). He advised her to contact his silver broker, Les Ming, who worked in a commodities firm in Oklahoma City. Ninety percent of Ming's business was for Hunt and his family (Tr. 312). Mr. Ming's job was to evaluate the silver market and call Mr. Hunt to make a recommendation concerning possible investments (Tr. 315). On January 16, 1979, Messrs. Hunt and Ming exchanged a number of telephone calls. During one of these calls, Mr. Hunt said that he "had a friend, George Hansen, who may be interested in silver" (Tr. 332). Mr. Hunt identified Mr. Hansen as a U.S. Congressman and told Ming to offer Hansen Hunt's silver contracts (Tr. 323). On January 16, Ming purchased 125 silver contracts, each of which contained 5000 ounces of silver with a paper value of $3,876,800 (Tr. 379).

After the silver purchases had been made, Mr. Ming called Congressman Hansen pursuant to Hunt's suggestion (Tr. 340). Eventually Ming spoke with Connie Hansen (Tr. 343). After Ming and Mrs. Hansen talked, Mr. Ming arranged for the contracts to be put in Mrs. Hansen's name (Tr. 365). On January 18, Ming sold the 125 contracts for Mrs. Hansen for a net profit of $87,000 (Tr. 371). The record differs as to who made the decision to sell. Ming says he and Mrs. Hansen did (Tr. 370); Hunt says he did (Tr. 115), and Mrs. Hansen said she left the decision totally to Ming (Tr. 1207).

In order to collect the profit, Mrs. Hansen first had to produce a certain percentage of the money required to buy the contract—called the margin (Tr. 1208). This amounted to $1000 a contract or $125,000. Congressman Hansen made the arrangements for the margin payment (Tr. 419). He called his accountant and campaign treasurer C. Lee Caldwell and told him that he needed his help in a commodities transaction for Mrs. Hansen (Tr. 420). Congressman Hansen told Mr. Caldwell to write a check for $125,000 from an account in which there was some $292 (Tr. 421), to take that to another Idaho bank, and that bank would wire the money to the commodities house to cover the transaction (Tr. 424). The $125,000 and the $87,000 profit would then be re-wired to the second bank, and the first would be re-paid (Tr. 446).

The $87,000 was deposited in Congressman and Mrs. Hansen's joint account (Tr. 1211, 1292). Congressman Hansen stipulated at trial that the entire $87,000 was used by him with knowledge that it was the profit for the 1979 silver transaction (Tr. 1293).

There was no dispute that neither the $87,000 profit nor the $125,000 short margin loan was reported in Congressman Hansen's financial disclosure forms covering 1979.

D. Loans from Virginia Businessmen

In late 1979 or early 1980 Congressman Hansen met Carl McAfee, an attorney from Norton, Virginia (Tr. 508). Mr. McAfee was representing the family of one of the Iranian hostages, and Congressman Hansen was active in the Iranian crisis (Tr. 509). Mr. McAfee was a business partner of an Arthur Odell Rodgers and represented Mr. John Meade, a former Virginia banker who was convicted of various bank fraud charges in 1982 (Tr. 510–11).

Congressman Hansen told Mr. McAfee of his debts and asked him for some money (Tr. 512). While he asked for a larger amount, McAfee agreed to lend the Congressman $25,000 and did so on July 20, 1981. In return for the loan, the Congressman gave Mr. McAfee a note, payable on demand by July 17, 1982 (Tr. 516). Mr. McAfee and his business partner, Odell Rodgers, borrowed a like $25,000 from Miners & Merchant Bank (Tr. 518). Miners & Merchants Bank, in turn, was the institution at which McAfee's client John Meade was president. Congressman Hansen deposited the $25,000 in his own account (Tr. 515). On August 14, 1981, McAfee made another loan to Congressman Hansen, this time in the amount of $60,000 (Tr. 524). McAfee testified that he recalled that Congressman Hansen said that the purpose of the two loans was for the congressman to promote a book he had written (Tr. 525). Again Congressman Hansen wrote a note for the loan payable this time on August 14, 1982 (Tr. 526). Also, as with the $25,000, McAfee and Rogers themselves took a like $60,000 loan from Meade's bank to cover the loan they made to Hansen (Tr. 529). McAfee testified that these two loans were paid back after the FBI contacted them about Congressman Hansen and after they reported that contact to Hansen himself (Tr. 532, 555). The $60,000 was paid back in August, 1982 after the FBI contacted McAfee about an investigation into the workings of the bank (Tr. 555). The $25,000 was paid back on June 16, 1983 after the Congressman's indictment (Tr. 556, 882, 897).

At around the same time of the loans, Messrs. McAfee, Rogers and Meade were involved in a plan to develop a hydrogen powered automobile (Tr. 559). During the course of these men's plans, they contacted Congressman Hansen to have him set up an appointment with the Secretary of the Army about the car (Tr. 564). They wanted to get the Army to determine whether the hydrogen car was feasible, and the meeting with the Secretary was to try and persuade him to send engineers to Australia and verify the workability of the car (Tr. 565). Even though Mr. McAfee was an acquaintance of the Secretary of the Army, he nevertheless sought the appointment through Congressman Hansen because "he could get it faster" (Tr. 565). A meeting was set up, and Congressman Hansen accompanied Messrs. McAfee, Rodgers and Meade to it. Shortly after it started, both Congressman Hansen and the Secretary left (Tr. 566-67). Evidence showed that Congressman Hansen deposited the first $25,000 on the same day that Messrs. McAfee and Rodgers came to Washington and met with the Congressman and the Army personnel. Mr. Meade described the reason for seeking Hansen's involvement with the Army was the need to convince the Army to become involved with the project (Tr. 704). Mr. Meade also testified that he might have thought to use Congressman Hansen to see if he could not convince the Army to send personnel to Australia to look at the car (Tr. 722). In addition, Congressman Hansen called Pentagon officials on October 15, 1981 to urge Army investigation of the car (Tr. 854).

In November, 1981 Congressman Hansen called Meade directly to ask him for additional money. Mr. Meade testifed that he recalled the money also was to promote the Congressman's book (Tr. 685). Pursuant to that conversation, Meade did lend Hansen another $50,000 for a note executed on November 21, 1981 (Tr. 684-85). In contrast to the McAfee loans, Meade's was payable on demand, with no specific date or level of interest specified (Tr. 689). The $50,000 was paid back early in 1984, soon before the Congressman's trial (Tr. 690). Mr. Meade's conviction was for "misapplication of bank funds, false entries and making false statements in order to get a loan" (Tr. 659).

Congressman Hansen did not pay the interest due on the notes for some time. The first time interest was due, Meade and Rodgers paid one-third each; the remainder was paid by someone else (Tr. 653-56, 670-76). Congressman Hansen first paid interest on the loan on April 14, 1983, after Meade and his bank were under investigation (Tr. 659-60).

It is not disputed that the McAfee, Rodgers or Meade loans of $135,000 were not included in Congressman Hansen's financial disclosure reports for 1981.

E. Blackmail Attempt of Hunt

The government first became aware of the Congressman's various financial transactions because of a blackmail attempt that was made on Nelson Bunker Hunt.

On March 31, 1981, Mr. Hunt received an anonymous letter from a person who charged that "During January of 1979 you gave $87,000 to Rep. George Hansen of Idaho" (Def.Ex. 2; Tr. 133). The letter went on in great detail describing how the 1979 silver transaction had been done and how the $125,000 margin payment had been arranged. The blackmailer alleged that the payment was made "to secure Rep. Hansen's support in your bid for a large silver mine in Idaho." The letter asked that, in return for silence, Mr. Hunt make a $440,000 loan in 120 days by depositing some of the money into a Caribbean bank account. When Mr. Hunt received the letter, he called one of his attorneys, Ivan Irwin (Tr. 138). Hunt and Irwin discussed whether the letter was from a "crank" (Tr. 139). Mr. Hunt then called Congressman Hansen about the letter, and Hunt testified that the Congressman said that the matter had to be reported "to the Attorney General or the Justice Department" (Tr. 140). On April 1, the day after the letter was received, Mr. Hunt's attorney flew to Washington to meet with Congressmen Hansen (Tr. 944). Mr. Irwin returned to Dallas to confer with Mr. Hunt (Tr. 950) and also spoke with Congressman Hansen on the telephone (Tr. 951). Irwin testified that Congressman Hansen again said that the matter should be reported to the Justice Department. On April 3, Hunt, Irwin and the Congressman spoke again (Tr. 953). April 3 was a Friday, and on the following Monday, April 6, Congressman Hansen, Mr. Runft, Mr. Irwin and Mr. McKenna went to see officials in the Justice Department to report the blackmail letter (Tr., 958). Later on April 6, Congressman Hansen was first called and then visited by FBI agents who took statements concerning the transactions surrounding the blackmail letter (Tr. 964). Ultimately, the letter was traced to Arthur Emens, an employee of Mr. Ming, the commodities broker who had handled the silver transaction (Tr. 384). This employee pleaded guilty to a misdemeanor blackmail charge and was sentenced to a fine and community service (Tr. 1466).

At the time of the blackmail incident, Mrs. Hansen still owed Mr. Hunt money. Hunt's attorney testified that Mr. Hunt told him that when he went to Washington to meet with Congressman Hansen, to "either come back with some money from the Hansens or . . . come back with some fresh notes to evidence the indebtedness of Mrs. Hansen resulting from Mr. Hunt's payoff of the First National Bank in Dallas" (Tr. 961). Pursuant to Hunt's orders, Irwin did receive two new notes from Mrs. Hansen (Tr. 961). The notes were backdated to reflect the interest payment Mr. Hunt had made prior to assuming the $50,000 debt and another for the amount then owing on principal and interest (Tr. 961).

3. CONGRESSMAN HANSEN'S DEFENSE

Congressman Hansen's defense at trial consisted of a few parts. With respect to the Dallas loan of $50,000 and the various silver transactions, the Congressman stated that (1) these were his wife's loans and transactions, (2) he and his wife had executed a property settlement agreement whereby their financial lives were separate, (3) as a result of that agreement he was advised by legal counsel that he did not have to report his wife's affairs as part of the disclosure required by either the House rules or EIGA and (4) he kept the appropriate House committee informed of his practices and it acquiesced to them. With respect to the Virginia loans, the Congressman's position was (1) that the money was borrowed for the nonprofit tax reform organization with which he was affiliated, (2) the money borrowed was spent for that organization and (3) he was advised by his counsel that he did not have to report those loans.

A. John Runft's Advice

For part of the legal advice on which he relied, Congressman Hansen turned to John L. Runft, his personal attorney from Boise, Idaho with whom he dealt since 1974 (Tr. 1013). Mr. Runft wrote the letters Congressman Hansen sent to the FEC seeking approval of his solicitation plan (Tr. 1022). After the advisory opinions prohibited the solicitation, it was Mr. Runft who devised the plan in which the family debts, shared by Congressman and Mrs. Hansen, would all be transferred to Mrs. Hansen through a property settlement, enabling her to solicit funds because they would now be exclusively hers (Tr. 1016, 1048–50).

In the spring/summer of 1978, Mr. Runft also was consulted about the effect of the Hansen's property settlement on the existing financial reporting requirement of the House rules (Tr. 1077). In his 1978 financial report, Congressman Hansen had not listed any of Mrs. Hansen's debts (Tr. 1079). Newspaper articles reported this omission and Congressman Hansen solicited Mr. Runft's advice (Tr. 1079). Mr. Runft said that he told Congressman Hansen "to get in contact with the Ethics Committee again and make sure that everything is known and above aboard" (Tr. 1079). Mr. Runft further advised the Congressman that, under House Rule XLIV, there was no need to report Mrs. Hansen's financial activities and that the House Ethics Committee had the obligation to notify Congressman Hansen if "he was wrong in any way" (Tr. 1080). Accordingly, on May 9, 1978, Congressman Hansen again wrote to the House Ethics Committee (Def. Ex. 38). His letter initially was prompted by and recounted the newspaper articles apparently quoting a member of the Standards Committee staff criticizing Congressman Hansen's financial filing statements. Congressman Hansen then recapitulated the procedure he had gone through to receive FEC and Committee advice concerning soliciting funds and the property settlement he made with his wife. Then, referring to Advisory Opinion No. 12, issued by the House Ethics Committee in December, 1977, the Congressman concluded that his property settlement put Mrs. Hansen in the category of spouses who were not in the "constructive control" of the member and whose transactions did not have to be reported. Finally, after restating what he had done in the past and his decision not to report, the Congressman stated:

> I am confident that my filing, done carefully with the advice of counsel, is completely in accord with the appropriate Rules of the House and in accord with the course of action of which we have kept your office completely advised. At this time I respectively request confirmation of the validity of my report.

(Def. Ex. 38; Tr. 1398). Two days later, Mrs. Hansen sent another letter prepared by Mr. Runft to the Ethics Committee advising it of the property settlement and her decision not to include her transactions on the Congressman's report (Def. Ex. 39; Tr. 1081). She too declared herself not to be under the Congressman's "constructive control." [Evidence about whether and what the Ethics Committee responded to Congressman Hansen was not available to the prosecutors and outside the scope of trial because of the Speech and Debate Clause. As it turns out, Special Counsel has uncovered several documents which confirm that the Committee and/or its staff did respond. These documents, which contradict one of the implications of the Congressman's defense, are referred to and summarized in Section 5 of this Report.]

Following these incidents, Congress passed the Ethics in Government Act of 1978 ("EIGA"). The Act *inter alia,* codified as to Congress and other government officials the reporting requirements which used to be contained in congressional and agency rules. After passage of the Act, Congressman Hansen asked Mr. Runft whether the Act changed his reporting responsibilities (Tr. 1083). Mr. Runft explained the request as follows: "Congressman Hansen asked me . . . , under the new Act, was there a reasonable interpretation available under the Act that would allow [him] to continue not to report Mrs. Hansen's income under that Act" (Tr. 1984). Mr. Runft researched the purpose of the Act and concluded:

> My conclusion . . . consists of two parts. First, I believed or I concluded that in light of the property settlement agreement, . . . that a reasonable interpretation of the Act, particularly Section 702(d)(2) would allow the Congressman not to file information concerning wife's income.
>
> The second part of my opinion was that this was a new Act, just passed. It had not been interpreted yet, and that the provisions . . . of the Act required that the designated Committee, which was the Select Committee on Official Conduct [sic] of the House of the Representatives, was required to review these reports and to set up a procedure whereby the Committee would determine whether the reports were correct, whether they were complete and whether they were in proper form and advise the Congressman if they were not.

(Tr. 1086–87). Congressman Hansen accepted this advice and continued not to report Mrs. Hansen's assets or debts. Section 702, on which Mr. Runft relied for his advice, states that no report is required with respect to a spouse "living separate and apart from the reporting individual with the intent of terminating the marriage or providing for permanent separation . . ." (Tr. 1151). Mr. Runft read that exception to include the Hansens, even though they were not separated or living apart or contemplating divorce, because they had executed a property settlement agreement (Tr. 1152). Under cross-examination, Mr. Runft testified that, despite his general advice, he did not recall giving the Hansens specific advice concerning the reporting of the $50,000 Dallas loan (Tr. 1162). He further stated that he did not know about a number of Congressman's and Mrs. Hansen's financial transactions, including the fact that Congressman Hansen spent the $87,000 silver profit (Tr. 1162).

B. Jim McKenna's Advice

In addition to Mr. Runft, Congressman Hansen consulted with Jim McKenna about his financial disclosure requirements (Tr. 1340). At the time of soliciting the first advice in May 1978, Mr. McKenna was not yet on the Congressman's staff, but was close to the Congressman and worked for a public interest law firm in Washington (Tr. 1336-38). Mr. McKenna stated that he looked at the applicable House rules and the correspondence between Congressman Hansen and the Ethics Committee, and confirmed Mr. Runft's opinion that, under the House rules, Congressman Hansen did not have to report his wife's assets and liabilities (Tr. 1342). After he joined the staff, Mr. McKenna testified that he had a number of conversations with Ethics Committee staff about the existence of the Hansen's property settlement agreement and the Hansen's decision not to report Mrs. Hansen's activities (Tr. 1348). [Again, correspondence back to Congressman Hansen and staff version of the conversations were unavailable at trial because of congressional immunit. l Counsel has interviewed some members and staff of the then Ethics Committee. The correspondence which documents the Committee's actual response to Congressman Hansen and the staffs' different recollection of the conversations with Mr. McKenna are summarized in Section 5 of the Report.]

After EIGA was passed, Mr. McKenna also was asked to advise Congressman Hansen concerning the reporting requirement (Tr. 1349). Mr. McKenna concluded that, given the property settlement agreement, reporting Mrs. Hansen's situation was not required and actually would violate her right to privacy (Tr. 1350). McKenna based his decision on the fact that the Hansens repeatedly had told the Committee of their agreement and his interpretation that the purpose of EIGA was to include only those spouses whose finances had not been separated, as were the Hansens (Tr. 1351).

Mr. McKenna also testified that he was extensively involved with the Congressman's establishment and involvement in the Association of Concerned Taxpayers ("A.C.T."), a tax reform association which sought membership and funds through a direct mail effort (Tr. 1369-80). McKenna said that Congressman Hansen spent over $135,000 for that organization (Tr. 1410). Finally, McKenna stated that two days before the 1982 EIGA report was due, Congressman Hansen told him that some of the funds used by him for the organization resulted from loans made to him by Messrs. McAfee, Rodgers and Meade (Tr. 1424). McKenna then stated:

> In view of the promise of confidentiality [made to those people solicited by direct mail], in view of the fact that at that time A.C.T. was acknowledging, and as far as I know still acknowledges, the liability to Mr. Hansen for the funds he advanced, I advised him that it would be prudent to leave it [his loans] off the form in the apprehension that: one, we had promised confidentiality to donors, or to financial supporters in any one of several categories, donors, whatever; that A.C.T. had by that time acknowl-

> edged its obligation; and that in fact the money had been spent as he represented to the lenders.

(Tr. 1425). In other words, McKenna advised Congressman Hansen not to report the $135,000 in loans because the Congressman had borrowed the money for use by A.C.T. and because A.C.T. had been promising confidentiality to any person who it solicited for direct mail contributions. To rebut Mr. McKenna's description of large expenditures over $135,000 on behalf of A.C.T., the prosecution introduced evidence that showed that at a time close in proximity to when Congressman Hansen actually spent $95,000 on behalf of A.C.T., the Congressman obtained $95,000 in new loans from still another Idaho bank (Tr. 1632–39). The government's suggestion was that it was this later $95,000 which was spent on behalf of A.C.T. and the $135,000, or part of it, was spent by Congressman Hansen for something else.

McKenna testified that Congressman Hansen had told him that he [Hansen] had told the lenders [McAfee, Rodgers and Meade] that the loans would be used for A.C.T. (Tr. 1428). He also stated that he never had seen the Hansen's property settlement agreement (Tr. 1475), that he knew nothing about the soybean transaction (Tr. 1497), that he did not know that Congressman Hansen had solicited Bunker Hunt for money (Tr. 1497), that he did not know where the proceeds from the $50,000 Dallas loan had gone or that the Congressman spent some of it (Tr. 1498), that he was not involved with the disclosure of the $87,000 silver profit and that he was not very familiar with the extent of Congressman Hansen's activities on behalf of Messrs. McAfee, Rodgers and Meade (Tr. 1506).[4]

4. THE VERDICT

On April 2, 1984, after a ten-day trial, the jury found Congressman Hansen guilty on all four counts of the indictment (Tr. 1978).

5. CONGRESSMAN HANSEN'S CORRESPONDENCE WITH HOUSE ETHICS COMMITTEE

Correspondence and communications between Congressman Hansen, his attorneys and the House Committees on Ethics and Standards of Official Conduct are particularly important in this case because the Congressman relied on those contacts as part of his trial defense and because the transactions for which he was convicted occurred at a time when House disclosure rules and the law were changing. The significance of this correspondence is outlined by a statement Congressman Hansen's trial attorney made to this Committee on May 17, 1984:

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[4] Special Counsels' consideration of Congressman Hansen's defense assumes that the attorneys called to the stand gave the advice they assert. However, it is possible to question whether events occurred precisely in the way asserted. When Congressman Hansen was interviewed by the FBI about the blackmail letter and asked why he did not report the transactions with Nelson Bunker Hunt, he said that he decided not to do so after extensive discussions with his counsel. However, John Runft said he knew little about that transaction (Tr. 1092), and Jim McKenna directly contradicted the Congressman by stating that he had never discussed that transaction at all (Tr. 1500). In addition, the attorneys' testimony about the May 9, 1978 correspondence to and lack of response from the Ethics Committee, *see* Section 5, *infra*, also bears on the credibility of these witnesses.

> Given those facts, the committee did not, certainly it did not say we need more information, it did not say you must report those things because they are reportable under the Act or House rule.

(May 17 Transcript, at 14.)

Of special importance was Congressman Hansen's May 9, 1978 letter to the Ethics Committee (Def.Ex. 38) complaining of the staff comments to the press and inviting the Committee to confirm that his decision not to report Mrs. Hansen's liabilities was correct. The Congressman based a good deal of his defense at trial and before the Committee on the position that the Committee was made constantly aware of his position and "acquiesced" to it. There also was the implication that the Committee did not respond to the May, 1978 inquiry. This implication was given by:

A. John Runft

Congressman Hansen's Idaho attorney first gave the advice concerning the Committee.

> Q. What was your opinion, Mr. Runft, concerning whether the debts that had been assigned to Mrs. Hansen under the property settlement agreement had to be reported to the House Ethics Committee . . .?
>
> A. My opinion was that under those particular conditions . . . [it] was not an item that needed to be reported . . .
>
> Furthermore, and always along with this advice . . . was the Committee had the authority and duty to review these reports . . . and advise Congressman Hansen if he was wrong in any way. (Tr. 1079-80)
>
> * * * * *
>
> So on that basis, if my decision or my interpretation . . . was wrong, if the Committee were advised of what was being done, *the Committee then had a duty to advise Congressman Hansen that this is not the right way to go.* (Tr. 1087) (emphasis added)

B. Jim McKenna

When the issue of disclosure first arose in May, 1978, Jim McKenna was not yet on the Congressman's staff. He was, however, consulted for his opinion.

> Q. And had you come to any conclusion at that time regarding whether or not Mrs. Hansen's assets and liabilities had to be reported . . . ?
>
> A. Yes, sir it was my opinion based . . . principally and somewhat independently . . . on a *review of the correspondence* that had occurred between the committee and the Hansens with reference to the matter in which the filing were to occur—and I satisfied myself . . . that the wife's assets and liabilities were not subject to report.

(Tr. 1342) (emphasis added). To give this opinion, McKenna stated that he thoroughly reviewed the "entire file of Mr. Hansen's file of correspondence with the then Ethics Committee" (Tr. 1343).

> Q. And included in that file were what kinds of correspondence, what kinds of letters.
>
> A. Well, they were letters from Mr. Hansen, letters from Mrs. Hansen, and my recollection is that *there was very little back*, . . .

(Tr. 1343) (emphasis added). McKenna was further drawn out by the Congressman's trial counsel:

> Q. You testified yesterday that the House Committee on Ethics was advised of the property settlement agreement and then continued to be advised . . .
>
> A. As I testified yesterday, I spoke to staff on this specific issue at least four, and I think five times.
>
> Q. To your knowledge, did Congressman Hansen ever receive a response from Mr. Preyer to this [May 9, 1978] letter asking—which in any way rejected the validity of his report?
>
> A. My personal recollection is no. And I have searched the files, and *we can't find a response.*
>
> Q. So there has been no response to this letter.
>
> A. As far as I know.

(Tr. 1398–99) (emphasis added). Then on cross examination, McKenna again gave the same impression:

> Q. Mr. McKenna, you testified about a May 9, 1978 letter . . .
>
> Q. And the request [in the letter] is "At this time I respectfully request confirmation of the validity of my report."
>
> Now, did you receive a response from the House Ethics Committee, in writing, sir?
>
> A. I did not, and I do not know that the Congressman did.
>
> Q. Did you follow up and request a written response?
>
> A. I thought this was that request.
>
> Q. Did you follow up?
>
> A. Did we make a subsequent one?
>
> Q. Yes.
>
> A. I did not. I do not know whether Mr. Runft did.
>
> Q. Is there a piece of paper, sir, from the House Ethics Committee, anywhere, that represents that Congressman Hansen, prior to the Ethics in Government Act, that he needn't report his wife's assets?
>
> A. A piece of paper?
>
> Q. Yes.
>
> A. I doubt it. *In fact, I think I testified that we had no response from the House,* and I suspect the House had an obligation to us.

(Tr. 1484–85) (emphasis added). On re-direct, McKenna reiterated:

> Q. Mr. Weingarten asked you whether there was even any answer to the letter to Congressman Preyer, and you answered that there was not, to your knowledge. On what basis did you conclude that the House Committee had some obligation to respond?
>
> A. On the basis of the Act itself, . . . having performed the act required under the statute, the Congressman brought that act to the attention of the committee and then subsequently wrote them a letter saying, "I am relying on this state of facts in filing my form, and I ask you to tell me whether I am right or wrong."
>
> I believe they had an affirmative duty to decide right or wrong and tell him at that point.

(Tr. 1525–26). McKenna went on to state that the Committee's response, or lack of it, to the earlier request became one basis for later decisions not to report Mrs. Hansen's transaction because they had "acquiesced" to the Hansens' approach (Tr. 1350).

C. Congressman Hansen

In his statement before this Committee, Congressman Hansen also emphasized the importance of the May 9 letter:

> That conclusion [not to report] was communicated to this committee in language that could not be misunderstood. And I think if you read the letters you will see what I mean . . . but because we had a Property Settlement Agreement and *the Committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after the Agreement.*

(May 14 Transcript, at 45) (emphasis added).

Special Counsel undertook its own review of the correspondence and communications between Congressman Hansen and the Ethics Committee and also interviewed members of the Committee and staff of the time. This review uncovered documents, particularly a June 15, 1978 letter, which contradict the statement or implication that the Committee did not respond to the May 9 letter. The actual chronology of the correspondence is as follows:

—May 9, 1978 Congressman Hansen writes House Ethics Committee complaining of leaks to the press and seeking committee confirmation of his disclosure (Def.Ex. 38)

—May 12, 1978 Committee staff member sends letter of apology to Congressman Hansen and reiterates staffs' view that the disclosure was inadequate (Comm.Ex. 1)[5]

—May 17, 1978 Committee staff writes memorandum to Congressman Preyer and Wiggins advising them of conclusion that Congressman Hansen's disclosure is inadequate (Comm.Ex. 2)

—June 9, 1978 Committee staff send draft letter intended for Congressman Hansen to Congressman Wiggins for his approval (Comm.Ex. 3)

—June 15, 1978 Congressmen Preyer and Wiggins send draft letter and a cover to Congressman Hansen concluding that his disclosure is inadequate; draft encompasses explanation of staff's May 17 memorandum; cover letter solicits any additional information from Congressman Hansen before draft is made final (Comm.Ex. 4)

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[5] "Comm.Ex." refers to a document which was not introduced at trial but which has been incorporated into this Report.

After the June 15 letter was sent, one of Congressman Hansen's attorneys, John Runft, visited or called the staff to take issue with the conclusion that had been reached in the draft. This discussion with Runft is memorialized in an August 10, 1978 memorandum to the file (Comm.Ex. 5) written by Don Terry, the staff director with whom Runft talked. There is no written explanation of why the June 15 draft letter was never finalized.

Special Counsel notified Congressman Hansen's attorneys about the correspondence that was found. John Runft stated that he had no recall of any draft or cover letter, but that he now did recall discussing with Don Terry by telephone the staff's conclusions concerning the May 1978 disclosure. Runft's view was that he was able to persuade the staff that they misunderstood the property agreement and its effect on disclosure. The staff has no such recollection and state that they did not change their opinion. On June 5, 1984, Congressman Hansen's trial attorney wrote Special Counsel a letter explaining how the discovery of the Committee's reply only substantiated the defense theory of the case (Comm.Ex. 6).

Don Terry, Roy Dye, Richard Powers and John Swanner, staff of the then Ethics and Standards Committees, confirm that they spoke with Mr. McKenna on a number of occasions. However, it is their recollection that most of these conversations concerned their request for a copy of the property settlement agreement which was promised but never delivered and that they did not "acquiesce" to the Congressman's interpretation.

Of course, the correspondence and statements by the Committee and staff were not available at Congressman Hansen's trial. The prosecutors sought this type of evidence, but were successfully blocked by assertion of the Speech and Debate Clause and the trial court's finding of that privilege. This Committee, however, has access to these internal records and evidence, and they do reveal that, by June 15, 1978, Congressman Hansen and at least one of his attorneys knew that the Ethics Committee staff and Congressmen Preyer and Wiggins did not concur in their judgment about not having to disclose Mrs. Hansen's liabilities. The implication that the Congressman wrote the Committee, asked for guidance and then was not answered, is not substantiated by the evidence and raises the question of whether Messrs. Runft and McKenna forgot or were being less than candid at the trial.

6. CONGRESSMAN HANSEN'S STATEMENT TO THE COMMITTEE

In his statement and answers to questions before this Committee, Congressman Hansen repeated the explanations of the various transactions which had been testified to by other witnesses at his criminal trial. The Congressman also alluded to some of the legal arguments he has been pursuing, especially his contention that the violations of EIGA should not be subject to criminal penalties (May 17 Transcript, at 33).

In addition, calling the past ten years a "tale of terror" (*id.*, at 21), a "horror story" (*id.*, at 39) and a "witch hunt" (*id.*, at 40), Congressman Hansen stated that the EIGA prosecution was nothing more than a political vendetta. He said the vendetta also included IRS leaks of his financial data to his political opponents (*id.*, at 28), the Justice Department condoning prosecutorial misconduct (*id.*, at 40) and the trial judge in his case being partial (*id.*, at 40).

With respect to the property settlement agreement, Congressman Hansen stated ". . . that she [Mrs. Hansen] was an independent individual and she ought to have the right to survive . . ." (*id.*, at 30). Then, with respect to reporting the various transactions, he said it would be "inconsistent" (*id.*, at 35) with the property agreement to report. The basis was ". . . if it is hers, not mine, you don't put it down" (*id.*, at 37).

During his appearance, Congressman Hansen maintained the positions that ". . . we advised the committee, there was no effort to ever hide any of this" (*id.*, at 30–31). Concerning his communications to the House Ethics Committee about the property settlement agreement and about his decision not to report his wife's transactions for 1978, Congressman Hansen said "That conclusion was communicated to this Committee in language that could not be misunderstood . . . the committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after the Agreement" (*id.*, at 45).

Congressman Hansen stated that, to protect his privacy, he did not send a copy of the property agreement to the Committee and that he did not give the Committee specific information concerning how he and Mrs. Hansen continued to maintain their financial lives after the settlement was entered.

In summary, Congressman Hansen stated: "I don't know, maybe there is a time in this government that makes things so convoluted and complex that you get in trouble for being up front and on the table and honest . . ." (*id.*, at 48–49).

7. SPECIAL COUNSEL'S REVIEW AND DISCUSSION

On the basis of this preliminary inquiry, the Committee is required to determine whether "the evidence of such offense[s]," of which Congressman Hansen was convicted, constitute violations "over which the Committee is given jurisdiction." Rule 14, Rules of Procedure, Committee on Standards of Official Conduct. The Rules of the House of Representatives provide that the jurisdiction of the Committee extends to any alleged violation by a member "of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member . . . in the performance of his duties or discharge of his responsibilities." Rule X, cl. 4(e), Rules of the House of Representatives ("House Rules").

Special Counsel submit that a review of the evidence at the trial, the instructions given, the verdict and the information heard or provided to this Committee reveal the possible violation of two separate statutes applicable to his conduct as a member, the Code of

Ethics for Government Service (by prior precedent [6] the Code is an "other standard of conduct applicable to the conduct of" members under House Rule X, cl. 4(e)(1)) and four rules of the House governing conduct by members.

Special Counsel begins with the offenses for which Congressman Hansen was convicted, and then the rules, laws and standards of conduct applicable to a member's conduct which may form an additional basis for the Committee's jurisdiction.

A. Financial Disclosure

During the time period under consideration, Members were required to submit financial information about themselves and their spouses under House Rule XLIV and then also under EIGA. From October, 1977 until January 1979, Rule XLIV required information about spouses assets and liabilities "unless the reporting individual indicates that: (a) he or she neither derives, nor expects to derive, any economic benefit from such interests; and (b) such interests were not obtained in any way from the assets or activities of the reporting individual." Advisory Opinion No. 12, reprinted in Ethics Manual for Members and Employees of the U.S. House of Representatives, 98th Cong., 2d Sess., at 176 (1984). After January, 1979, Rule XLIV was amended to incorporate the provisions and exceptions of EIGA. Under EIGA, a member must include information about the assets and liabilities of a spouse with two exceptions. The first is if a member can show that the item (i) . . . "represents the spouse's . . . sole financial interest . . . and which the reporting individual has no knowledge of, (ii) [spouse's transaction] . . . are not in any way . . . derived from the income, assets or activities of the reporting individual, and (iii) [is one] from which the reporting individual neither derives, nor expects to derive, any financial or economic benefit." 2 U.S.C. § 702(d)(1)(D).[7] The second exception in EIGA, the one relied on by Congressman Hansen's attorneys, excludes information about a spouse "living separate and apart from the reporting individual with the intention of terminating the marriage . . ." 2 U.S.C. § 702(d)(2).

The "evidence" in Congressman Hansen's trial revealed a number of different, potentially reportable transactions or events: (1) the soybean transactions, (2) the original Dallas bank loan, (3) the extension of the Dallas loan, (4) the Hunt pay-off of the Dallas loan, (5) the $125,000 margin loan, (6) the $87,000 silver profit and (7) the $135,000 loans from Messrs. McAfee, Rodgers and Meade. Congressman Hansen's conviction involved (3), (4), (6) and (7), but the others occurred when House Rule XLIV, in addition to EIGA, was applicable.[8]

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[6] *See, e.g.*, In The Matter of Representative Daniel J. Flood, H.R. Rep. No. 856, 96th Cong., 2d Sess., at 5 (1980); and In The Matter of Representative John J. McFall, H.R. Rep. No. 1742, 95th Cong., 2d Sess., at 3 (1978); and In the Matter of Raymond J. Lederer, H.R. Rep. No. 110, 97th Cong., 1st Sess., at 118 n.6 (1981).

[7] Prior to the change in Rule XLIV in 1977, a member could exclude information about the assets of a spouse if that spouse was not in the member's "constructive control." That phrase was opined to encompass spouses who had property separation agreements. Advisory Opinion No. 12, supra, at 179. It was this prior rule and interpretation which Congressman Hansen asserted in his May, 1978 letter to the Ethics Committee. The June, 1978 draft reply explained that the "constructive control" test applied only to assets, not liabilities and that it had been superceded in any event (Comm. Ex. 4).

Congressman Hansen did not deny his failure to report these various transactions. Instead, he argued that he was justified in his actions because of his correspondence with the Ethics Committee and the advice he had received from counsel. In other words, to paraphrase the Congressman's explanation, he stated that he had a property agreement with his wife, the Committee knew about that agreement, that agreement made him financially separate from his wife, his attorneys advised him that financially separated spouses are not included in the House Rule or EIGA, and he relied on that advice. It is Special Counsel's view that Congressman Hansen's explanation does not hold up, especially under the "clear and convincing" standard of evidence applicable to Committee proceedings.[9]

To rely on advice of counsel (and the same can be analogized to relying on advice or correspondence from the Committee), Congressman Hansen would have to seek the advice in good faith, provide all material facts and then follow the advice given. *See Williamson* v. *United States,* 207 U.S. 425, 453 (1908). There is evidence that he failed all three requirements.

It is fairly clear that Congressman Hansen approached his attorney with a prejudice toward non-disclosure. His request was not "What does the law require," but "Was there a reasonable interpretation available . . . that would allow [him] to continue *not to report* Mrs. Hansen's income under that Act" (Tr. 1984) (emphasis added). In addition, now that the Committee's response to the Congressman's May 9 letter is known, it would have been far better evidence of good faith to seek further written clarification, especially after new rules were enacted and a new reporting law passed. Congressman Hansen showed that he knew how to seek formal advice from the appropriate Committee, and such a solicitation, rather than reliance on his personal or staff attorney, would have better supported his assertion of good faith. This especially is the case after EIGA was passed because that law specifically provides for advisory opinions which then become absolute defenses to any sanction under the law (Tr. 1599).

Even if he sought legal advice in good faith, Congressman Hansen did not follow that which he was given. With respect to both his advice under House Rule XLIV and EIGA, John Runft said he told the Congressman he did not have to report *and* to keep the Committee totally advised of his decision. The evidence showed that Congressman Hansen did *not* keep the Committee apprised. He sought advice on his solicitation scheme, was turned down and then developed the property settlement agreement idea. He did not then go back to the Committee and seek the same type of formal advice on the efficacy of the scheme. More important, despite a number of requests, he never gave the Committee a copy of the actual agreement. In addition, he may have told the Committee that a property settlement agreement was in effect, but he certainly did not tell the Committee that some of the funds raised by Mrs. Hansen pursuant to the direct mail campaign were deposited in their joint account and used by the Congressman, that they continued to maintain numerous joint financial transactions, including cars, homes and bank accounts, that he endorsed and spent the proceeds from the $50,000 Dallas loan, or that he arranged for and spent the $87,000 silver profit. Special Counsel believe that all of those facts would have been relevant and material to the Committee. Without communicating them, Congressman Hansen hardly can state that he kept the Committee "totally" advised, as his lawyer suggested.

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[8] The soybean transaction (1) and the original Dallas loan (2) occurred during the hiatus in reporting resulting from the change in old to new Rule XLIV. Since only transactions occurring from October to December, 1977 were reportable, *see* Advisory Opinion No. 12, supra, at 178, these could not amount to violations of any rules. In addition, the $125,000 (5) was large enough and lasted long enough to be a separate loan, but Congressman Hansen could have thought of it as a temporary overdraft which might not have to be included.

[9] By now, it is well-settled that disciplinary actions undertaken by this Committee and the House of Representatives are governed by the "clear and convincing" standard of evidence, falling somewhere between "preponderance" of the evidence required in civil cases and "proof beyond a reasonable doubt" required in criminal matters. *See* Manual of Offenses and Procedures, Korean Influence Investigation Pursuant to H. Res. 252, 95th Cong., 1st Sess., at 40 (Comm. Print 1977).

Furthermore, Congressman Hansen was put on notice from very early on that the Committee disagreed with his interpretation of the House rule. He asked for confirmation in May 1978. A month later he was sent a letter from the chairman and ranking minority member advising him that they differed with his view and that he should include Mrs. Hansen's liabilities on his disclosure form. The Congressman's attorneys then called the Committee staff to further discuss the Committee's view. Consequently, Congressman Hansen had no reasonable basis to continue not to report Mrs. Hansen's transactions. No subsequent advice of counsel, rendered on an interpretation of the former version of House Rule XLIV, could overcome the conclusion communicated in the June 15 draft letter and the subsequent conversations with counsel. The fact that the draft letter was not finalized cannot, in retrospect, be interpreted as acquiescence to a position totally opposite to what the letter itself concludes. If there was any possible continuing doubt by the Congressman that the Committee or its leadership thought he should include Mrs. Hansen, he should have sought further clarification.

Even if the Committee's failure to formalize its June 1978 letter could be considered ambiguous with respect to his reporting obligations in 1978, changes in subsequent years, including a further amendment to House rule and the enactment of EIGA, should have given him reason to seek additional, current advice. These intervening events should have put a reasonable person on notice that earlier representations to and contacts with the Committee had become stale and required additional discussion or clarification. This is even more the case because EIGA itself included a procedure for a member to solicit and rely upon formal advisory opinions. Instead, perhaps worried about still another adverse ruling, Congressman Hansen relied on advice of counsel which contradicted the only written Committee correspondence on the subject.

Furthermore, while a defendant may rely upon advice of counsel sought in good faith, even if erroneous, Runft's interpretation of Section 702(d)(2) of EIGA—that the Hansens could liken themselves to persons living apart in contemplation of divorce—was so without basis and devoid of legal substantiation, that it undercuts the proposition that the advice, as described at trial, actually was given in that way or that Congressman Hansen, a legislator with experience in reading the plain language of statutes and their history, could rely on it in good faith.

Finally, the evidence established at trial and Congressman Hansen's statement to the Committee revealed that he did not tell his attorneys all of the material facts concerning his situation. Any legal advice they did give did not encompass some things which may have made a difference. Mr. Runft, for example, knew little about how the $50,000 Dallas loan was spent or the Congressman's access to it and did not know that the Congressman also spent the $87,000 silver profit. Mr. McKenna testified that he never saw the Hansen's property agreement, knew nothing about the soybean transaction which started the whole disclosure issue, did not know about the Congressman's solicitation of Bunker Hunt, did not know how the $50,000 was spent or about the Congressman's efforts on behalf of McAfee, Rodgers and Meade. Special Counsel views these facts to be very material in determining whether, under the letter and spirit of the rule and statute, Mrs. Hansen's transactions had to be reported. The fact that Congressman Hansen's attorneys today testify that these facts would not change their advice is unpersuasive. First, such testimony is too self-serving to be adopted on its face. Second, there is evidence—assertions about correspondence with the Committee—which raises questions about the credibility of those witnesses. Third, "materiality" is an issue for Special Counsel, the Committee and the House to determine on their own. What Congressman Hansen's attorneys conclude is "material" is just one consideration in that determination.

Consequently, because he took actions which contradicted advice he solicited and was given, because he did not follow the legal advice on which he relied and because he did not give his attorneys enough facts on which to base their legal advice, Congressman Hansen was not justified in failing to report his wife's transactions. His actions, therefore, violated House Rule XLIV and EIGA. These violations clearly are within the jurisdiction of this Committee and should subject Congressman Hansen to disciplinary action by the Committee and the House.

B. Filing False Statements

The offenses for which Congressman Hansen was convicted under the false statements statute, 18 U.S.C. § 1001, make it illegal for any person to knowingly and willfully make a false statement or representation on a matter within the jurisdiction of any department or agency of the United States which is material to such matter.[10] The House has determined that false statements or swearing on material matters in the performance of a Member's duties constitutes conduct which violates the Rules of the House, specifically House Rule XLIII, cl. 1, which requires members to conduct themselves in a "manner which shall reflect creditably on the House of Representatives." *See* In The Matter of Representative Edward S. Roybal, H.R. Rep. No. 1743, 95th Cong., 2d Sess., at 3-4 (1978), 124 Cong. Rec. H 12820-12828, H 13249-13261 (daily ed. Oct. 13, 1978) (false testimony before the committee).

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[10] The House of Representatives and its component offices and committees have been held to be "departments or agencies" of the government within the meaning of § 1001. *United States* v. *Bramblett,* 348 U.S. 503 (1955); *United States* v. *Diggs,* 613 F.2d 988, 999 n.64, cert. denied, 446 U.S. 982 (1980).

The House has viewed the filing of false statements with the finance office of the Clerk as subject to sanction as well, even though not under oath or proffered in the course of a committee investigation. In The Matter of Representative Charles C. Diggs, H.R. Rep. No. 351, 96th Cong., 1st Sess., Vol. I, at 19 (1979) (false payroll authorization forms).

It is Special Counsels' view that a false statement on a form submitted to the Standards Committee is particularly within the Committee's jurisdiction where, as under EIGA and the procedures adopted by the House, the Committee is itself the "agency" to which responsibility for reviewing the forms has been committed. The Committee, *inter alia,* is specifically directed to determine whether the reports required to be filed under the Ethics in Government Act are "filed in a timely manner, are complete and are in proper form." 2 U.S.C. § 105(a) In addition, the substantive requirements of House Rules prohibit the receipt of gifts of over $100 from persons with a direct interest in legislation, House Rule XLIII, cl. 3, and limit earned outside income to 30 percent of the aggregate salary of a Member per year, House Rule XLVII, cl. 1(a). The filing of false information or omission of information would influence, or tend to influence, the decision of the Committee with respect to matters committed to it concerning compliance with substantive and procedural rules of the House.[11] For the reasons described under "Financial Disclosure" above, Special Counsel concludes that Congressman Hansen willfully failed to disclose material information and did not have a reasonable "advice of counsel" defense. This willful failure violated Section § 1001 and House Rule XLIII. These violations also should subject Congressman Hansen to further disciplinary action.

C. Other Rule Violations

While Congressman Hansen was convicted for filing false information having to do with financial disclosure, the events which were testified to at this trial do indicate other potential violations of House rules.[12]

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[11] Congressman Hansen argued both before and at trial that the omissions from the financial disclosure forms were not material because the committee is not required, and does not, review the forms for compliance with the rule. Citing to the legislative history discussing the purpose to foster public disclosure, not internal enforcement, the Congressman contended that the committee could not rely on the forms with respect to a decision "required to be made," because no decision is ever made by the committee other than to print the forms. Special Counsel reject this contention as unjustified by the legislative history and an overly narrow reading of the committee's responsibility to assure compliance with House rules. Like any disclosure scheme, whether it be the federal securities laws, or the federal election laws, great dependence is placed upon voluntary truthful and full reporting. It is no defense to failure to file under such a scheme that the committee does not act on the information it receives, for it relies upon complete reporting by members and staff.

[12] Rule 14 of this Committee's rules of procedure states that the purpose of a preliminary inquiry is "to review the *evidence* of such offense [that for which the Member was convicted] and to determine whether it constitutes a violation over which the Committee is given jurisdiction . . ." (emphasis added). Because of the rule's use of the word "evidence" of the offense rather than the offense itself, Special Counsel believe that a preliminary inquiry is *not* confined solely to those rules which are analogous to the statute for which the member ultimately was convicted. In other words, if a member is convicted for statute x, and the evidence at trial shows that

Continued

1. SOLICITATION CAMPAIGN

The first related violation involves the Hansens' solicitation campaign, the episode which can be said to have started this incident. The Hansens were told through Advisory Opinion Nos. 4 and 11 that they could not raise funds through a direct mail campaign for the Congressman's personal debts. This advice was predicated on House Rule XLIII, cl. 7 which, in pertinent part, states "[a] Member . . . shall treat as campaign contributions all proceeds from testimonial dinners or other fund-raising events." Advisory Opinion No. 4, *reprinted in* Ethics Manual for Members and Employees of the U.S. House of Representatives, 98th Cong., 2d Sess., at 159 (1984).

The Hansen's solution was to transfer the debts to Mrs. Hansen and then allow her to raise funds. As previously noted, the Hansens did not provide the Committee with a copy of their Agreement or the specifics about how the Agreement would affect their day-to-day finances. Special Counsel doubts that the property separation scheme is consistent with the spirit of Advisory Opinion Nos. 4 and 11. The possibilities for abuse are readily apparent, and a member should not be allowed to circumvent the intent of a rule, if not its specific language, by such a paper reorganization of his or her financial affairs. *However, even assuming that Mr. Runft's device technically complied with the advisory opinions, the evidence at trial revealed that the Hansens did not maintain the scheme as presented.* Mrs. Hansen admitted that some funds which were raised as part of the direct mail campaign were taken out of her special account and placed in hers and the Congressman's joint account (Tr. 1281). In addition, the evidence at trial showed that a careful accounting of what money was spent for which debts was neither kept nor possible to keep, and that co-mingling probably occurred. The results of the transfer of solicited funds to a joint account and the loose financial practices are exactly what the Committee had disallowed—Mrs. Hansen's solicitation of funds through direct mail which were used by Congressman Hansen. Having asked for advice and having devised a procedure to allow the solicitation plan, the Hansens were under a special duty to implement that plan carefully. The evidence clearly shows that this was not done, and the resulting practice, in Special Counsels' view, violated Advisory Opinion Nos. 4 and 11 and House Rule XLIII on which they were based.[13]

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the member violated a rule analogous to statute x *plus* some other related rule, the Committee would be remiss if it did not consider the related standard of conduct. This is *not* to say that any or all potentially applicable statutes and rules should be included in a preliminary inquiry. To do so would be unfair to the member who, in the Rule 14 context, would not have enough opportunity to adequately defend the new charges. However, those rules which are so fundamentally related to the principal offense that they are almost central to it can and should be considered, especially, as in this case, when the conduct prescribed by those related rules was put in issue at the trial and addressed by both the prosecution and the defense. In this specific case, the motivation for Congressman Hansen's failures to disclose was very much at issue in trial and part of each side's presentation.

[13] In addition, the critical property settlement agreement may have become invalid under Idaho law itself. Where spouses with separate assets co-mingle that property and blur the distinction, it reverts to the status of "community property." *See Martsch* v. *Martsch,* 103 Idaho 142, 645 P.2d 882 (1982); *Gapsch* v. *Gapsch,* 76 Idaho 44, 277 P.2d 278 (1954). If the Hansen's bookkeeping and finances had this result, the settlement agreement would have had no effect whatsoever on the ban on solicitation and on the disclosure requirements.

2. ACCEPTING GIFTS

House Rule XLIII, cl. 4, provides that a member may not receive gifts of more than $100 in value per year directly or indirectly from any person having a direct interest in legislation before the Congress. Through interpretation of the rule, the Committee has defined persons having a direct interest in legislation as any person who is, or employs, a registered lobbyist, maintains a political action committee or anyone who has an interest in legislation distinct from the "general public interest" in legislation. Advisory Opinion No. 10, *reprinted in* Ethics Manual for Members and Employees of the U.S. House of Representatives, 98th Cong., 2d Sess., at 173 (1984). Indeed, the purpose of the rule was to instill public confidence that Members of the House would not be influenced, or have their impartiality questioned, by gifts from persons with interests in legislation before the Congress. The intent of the rule, as clarified by later interpretations, was to prevent and deter apparent as well as actual conflicts of interest. *See Manual of Offenses and Procedures, Korean Influence Investigation Pursuant to House Resolution 252,* 95th Cong. 1st Sess., at 29 (Comm. Print 1977).

The evidence showed that Congressman Hansen solicited money from Mr. Hunt and then accepted what Special Counsel concludes were gifts in the pay-off of the $61,000 Dallas loan and in the receipt of the already-made $87,000 silver profit. Given his wide and varied interests in matters before the Congress and the direct impact which the actions of Congress have upon his business activities, Nelson Bunker Hunt obviously is a person with a direct interest in legislation within the definition and intent of that term.

As the Committee has previously stated, "[t]he more the donor's interest is shared with the public at large, the less likely it is that the provision was meant to prohibit the acceptance of the gift . . . At one extreme, a large gift from the head of an energy company during the pendency of an energy company divestiture bill would be barred. But a similar gift from the same source during the pendency of general minimum wage or economic stimulus legislation might not amount to a "direct interest." *Manual of Offenses and Procedures, supra,* at 29. And the Committee has determined that "legislation before the Congress" should be "read broadly to include an ongoing special interest in or affecting the legislative process." Advisory Opinion No. 10, *supra,* at 174.

Under these circumstances acceptance of the loan pay-off and the silver profit from Nelson Bunker Hunt, whose interest in matters pending before the Congress was open and notorious, evidences a direct violation of Rule XLIII, cl. 4.

3. APPEARANCE OF CONFLICT OF INTEREST

The Code of Ethics for Government Service, House Concurrent Resolution 175, 72 Stat. pt. 2, B12 (July 11, 1958), provides that: "Any person in Government Service should . . . [ ] (5) . . . never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties." The Code has been deemed to carry the force of law and by precedent has been deemed to apply to Members of the House. *See* In the Matter of

Representative Robert L.F. Sikes, H.R. Rep. No. 1364, 94th Cong., 2d Sess., at 8 and n. 11 (1976); In the Matter of Representative Raymond F. Lederer, H.R. Rep. No. 110, 97th Cong., 1st Sess., at 118 n. 46 (1980); Constitution, Jefferson's Manual and Rules of the House of Representatives § 63, H.R. Doc. No. 271, 98th Cong., 2d Sess., at 26 (1983).

The acceptance of constantly extended loans and ready-made commodities profits from Mr. Hunt and of loans and interest payments from the three Virginia men (including deposit of the first $25,000 on the same day that Messrs. McAfee and Rodgers came to Washington to attend a meeting with the Army arranged and attended by Congressman Hansen) certainly calls into question whether reasonable persons might construe acceptance of such largesse as influencing the performance of his governmental duties or whether these favorable loans and arrangements were made solely because Mr. Hansen was a Congressman.[14] Review of the precedents indicate that such direct and substantial financial involvement with persons for whom the Member seeks to expedite or advance government decision-making constitutes an appearance of conflict, in violation of an ethical standard previously applied to Members. In the Matter of Representative Robert L.F. Sikes, H.R. Rep. No. 1364, *supra*, at 21.[15]

8. RECOMMENDATION

Special Counsel recommends that the Committee conclude that Congressman Hansen has committed violations of law and House rules, that the Committee has jurisdiction over such violations and that the Committee should proceed promptly to hold a hearing, pursuant to Rules 16 and 17 of the Committee's rules, for the purpose of determining what sanction to recommend to the House of Representatives in this matter.

Respectfully submitted.

STANLEY M. BRAND,
ABBE DAVID LOWELL,
Special Counsel.

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[14] This is not to say that the time-honored role of members as ombudsmen for their constituents and the public is not an accepted, legitimate and necessary part of their responsibilities of office; only that a member cannot receive such large personal financial rewards under circumstances which "might be construed as influencing the performance of his governmental duties."

[15] Part of the prosecution's presentation of its case involved its implying bribery of Congressman Hansen by Messrs. Hunt, McAfee, Rodgers or Meade. This implication raises additional statutes and rules which Special Counsel reviewed as part of this preliminary inquiry. *See* 18 U.S.C. §§ 201(c) (bribery), 201(g) (gratuity) and 203 (conflict of interest). The government did not indict under these statutes and was unable to show any direct "quid pro quo" required for bribery, any correlation between an official act for which a gratutity might have been done and the loans, or activities substantial enough to constitute an actual conflict of interest. *See* Defendant's Motion in Limine to Exclude Evidence, at 3-10 (March 15, 1984). Special Counsel does not believe sufficient proof for any of these charges exists in the evidence or that the charges form a basis for exercising Committee jurisdiction.

NINETY-FIFTH CONGRESS

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U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

12 May 1978

The Honorable George Hansen
1125 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Hansen:

As you requested, I have attempted to recall the series of conversations I have had with Mr. David Morrissey and the subject matter of each. To the best of my recollection, the first time I talked with Mr. Morrissey was on or about Tuesday, April 25th. At that time he asked when the Financial Disclosure statements would be available to the press. I told him not before May 1st, but probably a day or two after that due to the expected number of last-minute filings. He also asked if the Idaho Congressmen had filed yet and could I tell him what had been disclosed. I told him at that time I could not tell him any specific Financial Disclosure information over the phone, including who had or had not filed.

Mr. Morrissey called our office several more times during the last week in April with basically the same demands. On each occasion he was told by me that I could not tell him any information on any Financial Disclosure statement or who had filed. I suggested that he might check with the Secretary of State in Idaho to determine what statements had been received by them. Each Secretary of State was apparently handling the Financial Disclosure statements received by them differently and I thought it possible he could find out what he wanted to know from that source.

On or about Monday, May 1st Mr. Morrissey called wanting a specific date we could give him the information on your form. This was the first time I recall his mentioning you by name. I reiterated the committee's position. When he called the following day, I told the secretary here to tell him I was out. On Wednesday, May 3rd he called saying he knew you had filed and the statements were to be public now and he wanted the information. By that date the committee was firm upon the 9:00 A.M. Thursday, May 4th time for making the statements available in this office.

Thursday, May 4th Mr. Morrissey called for me and stated he was "really burned" because the information on your form had been released by this committee to another reporter on Wednesday. I told him that was not correct; that no information had been released by the committee in any form to anyone prior to 9:00 A.M. Thursday. He insisted he was correct and I responded "that's a lie". He assured me the other reporter told him he got the information from our committee on Wednesday. I told him "If he is telling you that, he is lying to you". I then told him I still could not give him the information he wanted beyond the fact that all Members had filed prior to May 4th. I believe I told him the House Press Gallery might give him the information because they had purchased a copy of all Member's statements, but I would not.

EXHIBIT 1

On Friday, May 5th, Mr. Morrissey called and I talked to him for 20 to 30 minutes. By this time, I was reasonably familiar with your property division with your wife and the source of the liabilities Mr. Morrissey felt should have been disclosed and were not. He maintained your wife's debts resulted from your activities and according to Advisory Opinion #12 of the Select Committee on Ethics, should have been disclosed. I told him my reading of Advisory Opinion #12 was the same as his, but I was not familiar with the circumstances of the property division or with what interpretation the Select Committee might give in a specific case. When asked for my personal opinion, I did respond as quoted - "my impression is that the Congressman is probably incorrect". I regret the use Mr. Morrissey made of that statement. I erroneously felt that I had sufficiently explained the following: 1) without the facts, my opinion was of no value whatever and should not be represented as an authoritative source nor attributed; 2) if a determination were to be made, it would not even be made by my committee, much less by me, and; 3) your previous statements about the debts indicated you had considered the matter and arrived at a different conclusion than I.

When asked what this committee would do about your situation, I told him all Financial Disclosure statements had been reviewed by me for completeness and yours was found to be complete on its face. Any question about your statement had not been raised except by him.

The remainder of the conversation consisted of an explanation by me of the authority of the committee to investigate allegations of misconduct or other violations of the Rules of the House. This background information was apparently used by Mr. Morrissey in the newspaper article shown me on Monday, May 8th, as specifically applying to you, presupposing you had filed an incomplete Financial Disclosure statement. Since that conversation, I have not talked to Mr. Morrissey.

Throughout the time I received calls from Mr. Morrissey, the staff of the Select Committee on Ethics, with whom I was in frequent contact, advised me he had also been calling them regularly about this matter. I believe he was told by them the provisions of Advisory Opinion #12 and told to draw his own conclusions as to its application to your situation; a judicious course I regret I did not follow to the letter.

I hope this information will be helpful to you in understanding my part in the events described. If I may provide additional information as to these events, please call on me.

Sincerely,

Jim Haltiwanger

James N. Haltiwanger

5-7-78 Times News

Possible violation of ethics code

Hansen report may be incomplete

REP. GEORGE HANSEN

... wife's debts unlisted

By DAVID MORRISSEY
Times-News writer

Second District Congressman George Hansen may be in violation of House ethics codes for not reporting debts of his wife, an attorney with the House Committee on Standards of Official Conduct said Friday.

Although a formal determination of a violation would have to be made by the full committee, a question exists whether Hansen's ethics reports contain all necessary information, committee staff member and attorney Jim Halliwanger said.

Should a determination be made that an intentional violation of the codes has occurred, it is possible the congressman might face legal penalties, including fines and imprisonment. A determination that an unintentional violation has occurred might result in Hansen being asked to file additional information with the House Committee on Standards of Official Conduct.

The new codes of ethics, passed by the House last year, went into full force May 1. On that date congressmen were required to file disclosure reports listing most assets and debts. The intent of the codes, representatives said last year, was to ensure voters recent sexual and monitary scandals in the Congress were a thing of the past. The reports require congressmen to make public most private holdings which might be interpreted as a conflict of interest.

One part of the new codes, which were formulated by the temporary Select Committee on Ethics, require a congressman to list debts and assets of a spouse unless those debts or assets were acquired by the spouse in a manner totally independent of their relationship to the congressman.

Hansen's report, filed last week, lists debts owed to seven banks, one law firm and one certified public accountant. Those debts are not required to be itemized by specific dollar amounts, but rather are listed as falling into amount categories, showing the debt if less than one specified figure but greater than another amount. Hansen's debts were listed as totaling between $50,000 and $100,000.

But last year Hansen and his wife legally divided their debts and assets, prior to Mrs. Hansen beginning a nation-wide fund-raising effort to pay her half of their personal, non-campaign debts.

"George and I have arrived at a legal and equal division of property and indebtedness," Mrs. Hansen wrote in a fund-raising letter last year, "I have assumed a substantial portion of those debts arising from the political dirty tricks

(Continued on p. A3)

Hansen info in question

(Continued from P. A-1)

— debts of hundreds of thousands of dollars."

This division of debts and assets, Congressman Hansen told the Times-News last week, means the debts and assets assumed by his wife — which she says total "hundreds of thousands of dollars" — do not have to be filed in his ethics report. Hansen declined to disclose what debts and assets had been assumed by his wife.

Asked about Hansen's statement, Halliwanger said "my impression is that the congressman is probably incorrect." Halliwanger stressed, however "I'd have to see the specifics of the case before I could say if it had to be reported," but added a question about the Hansen case seems to exist.

Halliwanger said no specific question had yet reached the committee about the Hansen filing, adding the reports only became available on Thursday. But the full committee will soon be considering all allegations of improper filings in the new reports, he said.

If any Congressman is determined to have knowingly filed false reports he might be determined to be in violation of sections of the United States Code, Halliwanger said. If an unknowing violation has occurred, a congressman would probably just be asked to file the additional information in his reports, he added.

In 1975 Hansen pleaded guilty to criminal misdemeanors, admitting he had not reported campaign contributions and expenditures. Originally sentenced to serve two months in jail, that sentence was suspended and replaced with a $2,000 fine.

May 17, 1978

MEMORANDUM TO: Congressman Richardson Preyer and
Congressman Charles Wiggins

FROM: Select Committee Staff

RE: Advisory Opinion Request of Congressman Hansen

Congressman Hansen has written to the Select Committee asking for an opinion regarding disclosure of spouse liabilities under House Rule XLIV. If the Chairman and Ranking Minority Member can agree on the response then the matter can remain strictly confidential. If there is no agreement, then the matter should be referred for consideration by the full Committee.

ISSUE

The request for an advisory opinion results from the following fact situation:

In June of 1977 Congressman and Mrs. Hansen entered into a legal property settlement wherein their liabilities were separately divided between the two parties. The reason for the division was to allow Mrs. Hansen to solicit funds to pay some of the debts in a manner which would not personally benefit Congressman Hansen, and therefore would not be in violation of House Rule XLIII.

House Rule XLIV as amended provides that items of a spouse which are under the "constructive control" of the reporting individual should be disclosed. Congressman Hansen contends that since his spouse's liabilities are not shared by him in any way, they are not under his "constructive control"; and therefore need not be disclosed. Mr. Hansen has asked the Select Committee to confirm his contention.

The following summarizes the development of spouse disclosure requirements of House Rules in the context of the situation discussed above.

OLD RULE

In 1968 the House adopted financial disclosure requirements for Members, officers, and certain employees. At that time the House Rule required only disclosure of certain types of holdings and the source of certain types of income. The Rule also required the disclosure of those holdings which were under the "constructive control" of the reporting individual.

The Committee on Standards of Official Conduct adopted the following interpretation of "constructive control" for the first filing made in April 1969:

EXHIBIT 2

> "...financial interests are regarded as constructively controlled ... if enhancement of those interests would substantially benefit the person reporting. Normally, in the absence of specific property division agreements, trusts, etc...the interests of spouses ...would be constructively controlled."

Congressman Hansen heavily relies on this past interpretation of "constructive control" to claim an exemption from disclosure under the current rule. However, it appears that the old interpretation adopted by the Standards Committee applied only to holdings and was never intended to refer to liabilities.

This conclusion is based on the fact that the requirement to list certain unsecured liabilities in excess of $10,000 did not become effective until 1972. The question of how the "constructive control" test would apply to liabilities never came up from 1972-1977, and therefore the issue was never addressed by the Committee on Standards of Official Conduct. Consequently, it seems that the application of the "constructive control" test under the old Rule had reference only to "holdings" and that any reliance upon such interpretation in relation to liabilities would be misplaced. However, even if the old interpretation had applied to liabilities, any new or additional interpretation o clarification issued by the Select Committee on Ethics would supersede the old interpretation.

NEW RULES

When the new rules were adopted on March 2, 1977 the "constructive control" language or "beneficial interest" test was retained. However, the Commission on Administrative Review recognized that additional interpretation would undoubtedly be necessary given the greatly increased disclosure requirements. and it was understood that the Select Committee on Ethics would clarify and interpret application of the new rules as they become effective. Accordingly, the Select Committee on Ethics was given authority to adopt regulations, and issue advisory opinions respecting application of the new House Rules adopted on March 2, 1977. Additionally the Select Committee was given jurisdiction over any legislation to incorporate the new House Rules into statute.

At first, it was decided that the Select Committee should report a bill incorporating the new disclosure requirements into statute, applying the requirements to candidates for Congress and "fleshing out" the rule with definitions and clarifications. If enacted, it was anticipated that the bill would take effect before the first disclosure report, and the House Rules would have then been amended to conform to the statute.

However, when consideration of the statute became delayed, because it was extended to government-wide disclosure, and questions concerning application of the House disclosure rules Rules began to multiply, the Select Committee, issued a four page advisory opinion concerning application of the new House Rule XLIV. One major issue that was addressed was the requirement of spouse disclosure.

Because the "beneficial interest" interpretation that had been adopted for holdings in 1968 had little or no reasonable application to the new disclosure requirements concerning income, gifts, reimbursements, and liabilities, the Select Committee acted to interpret and clarify spouse disclosure requirements in a manner consistent with the spirit and intent of House Rule XLIV as amended.

For instance it would have been overkill to require that any and all gifts or reimbursements received by a spouse had to be listed simply because the reporting individual might theoretically benefit from such gift (e.g. a silver tea set received from a grateful client of a spouse; or a stipend received from the employer of the spouse in recognition of superior work, etc.). Additionally, it was decided that no purpose would be served by requiring the exact income of a spouse (even though such income would probably benefit the reporting individual), and therefore disclosure was limited to the source, but not amount, of earned income.

In order to apply common sense considerations and a "rule of reasonableness" in the application of the intent of the new disclosure rule the Committee adopted the following language in Advisory Opinion # 12:

> "In view of the more detailed information now required to be disclosed, the Select Committee believes that clarification of spouse disclosure requirements is necessary.
>
> Accordingly, the financial interests of a spouse should be reported as follows: (1) source, but not amount, of spouse earned income exceeding $1,000; (2) gifts or reimbursements to the spouse, unless received independent of the relationship to the reporting individual; and (3) assets and liabilities of the spouse unless the reporting individual indicates that: (a) he or she neither derives, nor expects to derive, any economic benefit from such interests; and (b) such interests were not obtained in any way from the assets or activities of the reporting individual."

Under the Select Committee's interpretation, it seems clear that liabilities of a spouse should be listed unless they were acquired independently of the reporting individual. Therefore, it appears the liabilities which were transferred to Mrs. Hansen ought to be disclosed.

Additional Considerations

The Select Committee has adopted a middle ground between those who would require full disclosure of all income, gifts, assets, liabilities, etc. of spouses and dependnet children, and those who would require little, if any, such disclosure. The Senate has already passed legislation which leans heavily towards full disclosure of everything. Although the motivation to enter into this particular property agreement was not to circumvent disclosure, under the interpretation Mr. Hansen has proposed, a reporting individual could literally transfer his liabilities to a spouse on December 30 and thereby circumvent the disclosure rule because it was not his liability "as of the close of the calendar year".

Common sense would indicate that this is an unacceptable interpretation. However, if such an interpretation were accepted, then those who would require absolute spouse and dependent disclosure would have made their point. Additionally, there is some question as to whether an individual can legally waive his responsibilities to creditors, although it may be that this particular property division was made with the consent of creditors.

Even though application of the rule seems clear in this case, Congressman Hansen has some extenuating circumstances which ought to be given careful consideration.

First, there is great reluctance to disclose apparently because some of the liabilities involved are owed to friends who made personal loans, and Mr. Hansen does not wish to have them involved publicly. Nevertheless, other Members of Congress have already made disclosure of such personal loans because the Rules provide no exemption for personal notes, even from relatives.

Secondly, Mr. Hansen states that, since the loans are no longer his responsibility, any disclosure of his wife's situation is impossible because it would invade her privacy and intrude upon her independence. Although this in undoubtedly true of other Members as well, probably few, if any, have entered into separate property agreements with their spouses by dividing formerly shared liabilities.

CONCLUSION

Given the "uniqueness" of this particular case, it might be possible to provide for some "middle ground" and allow Mr. Hansen to simply disclose those legal liabilities (e.g. some personal loans may not have been secured by a legal note) which he transferred to his spouse in June 1977. Mr. Hansen may then wish to assert that what happened since that time is beyond his knowledge and none of his business, and it would be possible to support such a contention when inquiries are made from the press and his political opponents. In the alternative, he may disclose any such legal liabilities transferred to his spouse less those which were paid off or reduced to below $2,500 as of December 31, 1977.

[illegible] PREYER, N.C., CHAIRMAN

[illegible]
WALTER FLOWERS, ALA.
[illegible]
CHARLES E. WIGGINS, CALIF.
[illegible]

U.S. House of Representatives
SELECT COMMITTEE ON ETHICS
Washington, D.C. 20515

[illegible]
Phone: (202) [illegible]
STAFF DIRECTOR:
[illegible]
COUNSEL:
[illegible]

June 9, 1978

Mr. David Shurtz
c/o Honorable Charles E. Wiggins
2371 Rayburn House Office Building
Washington, D.C. 20515

Dear Dave:

Attached is a possible draft to respond to Congressman Hansen's inquiry. Basically, page 1 of the draft follows Mr. Wiggins' suggested response.

I talked to Congressman Hansen two weeks ago and requested that his attorney call me if there had been any arrangements made with creditors to release Mr. Hansen of any personal liability at the time of the transfer of the debts to Mrs. Hansen. There has been no response, but I do not believe that it would be proper to draw any conclusions from this fact. I should also point out that Congressman Hansen might well be concerned about the implications of the response suggested by Congressman Wiggins. The reason for the transfer of debts was to allow Mrs. Hansen to raise funds which would not accure to the personal benefit of Congressman Hansen. If we now state that the sole reason why he has to disclose these debts is because he is still liable, then there would be concern about the propriety of his spouse's fund-raising efforts under House Rules.

Nevertheless, Mr. Preyer is anxious to arrive at the correct result and to minimize any publicity, etc., surrounding this matter (apparently there has yet to be an official complaint filed). Therefore, it seems appropriate to accept Mr. Wiggins' suggestion with the additional "dicta" contained on page 2. Please note that the terms are couched in language such as "appear to" so that Mr. Wiggins and Mr. Preyer would not be definitively ruling on the "constructive control" question at this time. However, I think it is almost certain that they would rule in this manner, if required, and to so indicate at this time would probably put the matter to rest instead of prolonging the debate.

EXHIBIT 3

Although Mr. Wiggins did not fully participate in the Committee mark-up of Advisory Opinion #12, and is not comfortable with some of its implications (particularly in regard to disclosure of spouse assets), we do have to recognize and rely on its existence. Otherwise, we have no basis for the rather lenient treatment of spouse income, gifts, and reimbursements provided for in Advisory Opinion # 12.

Simply put, Advisory Opinion #12 requires disclosure of spouse liabilities if they were originally the liabilities of the reporting individual. Such a provision only makes common sense, because otherwise one could easily transfer the liability to the spouse and circumvent disclosure. It is quite possible that a creditor who is a friend would agree to such an arrangement, but since the Rules provide no exception for liabilities to "friends", such a "loophole" would be unacceptable.

Finally, I want to emphasize that the language in the fourth paragraph on page three would provide Congressman Hansen with a response to any critics, both in the media and potential political opponents, concerning this subject, as well as provide Mr. Hansen with a basis for asserting that he has acted properly throughout this entire matter.

After you have had a chance to discuss this with Mr. Wiggins, please give me a call.

Sincerely,

Don

DON TERRY

[illegible]
MORRIS K. UDALL, ARIZ.
LEE H. HAMILTON, IND.
LLOYD MEEDS, WASH.
WALTER FLOWERS, ALA.
DAVID R. OBEY, WIS.
GEORGE E. DANIELSON, CALIF.
ROMANO L. MAZZOLI, KY.

CHARLES E. WIGGINS, CALIF.
ELFORD A. CEDERBERG, MICH.
MARGARET M. HECKLER, MASS.
BILL FRENZEL, MINN.
THAD COCHRAN, MISS.
HAROLD S. SAWYER, MICH.

U.S. House of Representatives
SELECT COMMITTEE ON ETHICS
Washington, D.C. 20515

June 15, 1978

Honorable George Hansen
1125 Longworth House Office Building
Washington, D.C. 20515

Dear George:

Enclosed is a draft of our proposed response to your recent inquiry concerning the requirements of Rule XLIV.

We are sending this draft to you so that you might have an opportunity to bring to our attention any additional relevant information before we issue a formal letter within the next two weeks.

Sincerely,

RICHARDSON PREYER
Chairman

CHARLES E. WIGGINS
Ranking Minority Member

EXHIBIT 4

June 15, 1978

Honorable George Hansen
1125 Longworth House Office Building
Washington, D.C. 20515

Dear George:

This letter is in response to your request for an advisory opinion regarding spouse disclosure requirements pursuant to House Rule XLIV. Specifically, you asked whether certain personal liabilities which were transferred to your wife before December 31, 1977 needed to be disclosed on the financial disclosure statement filed by Members of Congress on or before April 30, 1978.

Rule XLIV requires disclosure of "the identity and category of value of each liability owed, directly or indirectly, which exceeds $2500 as of the close of the preceding calendar year". Basically, the assertion is made that any liabilities transferred to your spouse before December 31, 1977 were no longer under your "constructive control", and therefore are not subject to the disclosure requirements.

However, we have no indication that the affected creditors released you from your personal liability to them at the time of the transfer. Accordingly, it is probable that you remain in some way ultimately liable for the debts originally incurred by you.

Under such circumstances, our decision would appear to be simple and clear-cut. You should disclose those liabilities exceeding $2500 as of the close of calendar year 1977 which were originally incurred by you. There is no requirement, of course, to disclose any liability whose balance was reduced below $2500 as of December 31, 1977.

Since this decision is based on rather narrow grounds, it does not necessarily involve any interpretation of the "constructive control" question. Nevertheless, it would appear that the transferred liabilities may also be subject to disclosure under the "constructive control" test of Rule XLIV depending upon the factual circumstances of a given case.

The following summarizes the development of spouse disclosure requirements of House Rule XLIV in the context of the situation discussed in your letter.

In 1968 the House adopted financial disclosure requirements for Members, officers, and certain employees. At that time Rule XLIV required only disclosure of certain types of holdings and the source of certain types of income. The Rule also required disclosure of those financial holdings which were under the "constructive control" of the reporting individual.

The Committee on Standards of Official Conduct adopted the following interpretation of "constructive control" for the first filing made in April 1969:

> "Financial interests in the name of another should be regarded as constructively controlled...if enhancement of those interests would substantially benefit the person reporting. Normally, in the absence of specific property division agreements, trusts, etc., the interests of spouses...would be constructively controlled."

You heavily rely on this past interpretation of "constructive control" to assert an exemption from disclosure under the current Rule. However, it appears that the original interpretation adopted by the Standards Committee applied only to holdings and was never intended to refer to liabilities.

This conclusion is based on the fact that the requirement to list unsecured liabilities in excess of $10,000 did not take effect until 1972. The question of how the "constructive control" test would apply to liabilities of the spouse never arose from 1972-1977, and therefore the issue was never considered by the Committee on Standards of Official Conduct.

Consequently, it seems that the "constructive control" test under the old Rule had reference only to "holdings" and that any reliance upon such interpretation in relation to liabilities would be misplaced. However, even if the old interpretation had applied to liabilities, any new or additional interpretation or clarification issued by the Select Committee on Ethics would supersede the old interpretation.

The "constructive control" interpretation that was adopted for holdings in 1968 has little or no reasonable application to the new disclosure requirements concerning income, gifts, reimbursements, and liabilities. Accordingly, the Select Committee acted to interpret and clarify spouse disclosure requirements in a manner consistent with the spirit and intent of new House Rule XLIV as amended.

For instance, it would have been unreasonable to require that any and all gifts or reimbursements received by a spouse must be disclosed simply because the reporting individual might theoretically benefit from such items, (e.g. a gift received from a grateful client of a spouse; or a bonus received from the spouse's employer in recognition of superior work, reimbursements or travel in connection with a spouse's business trip, etc.). Additionally, it was decided that no purpose would be served by requiring the exact income of a spouse (even though such income would probably benefit the reporting individual), and therefore disclosure was limited to the source, but not the amount, of earned income.

In order to apply common sense considerations and a "rule of reasonableness" in the application of the intent of the new disclosure rule, the Committee adopted Advisory Opinion # 12 on December 1, 1977. That advisory opinion states that spouse liabilities should be disclosed unless the reporting individual indicates that they "...were not obtained in any way from the assets or activities of the reporting individual."

Under the Select Committee's interpretation, it seems clear that liabilities of a spouse should be listed unless they were acquired independently of the reporting individual and the reporting individual was not substantially benefited therefrom. Therefore, it would appear that the liabilities which were transferred to Mrs. Hansen ought to be disclosed under the "constructive control" test, as well as the unambiguous text of the Rule.

To hold otherwise would allow for the circumvention of the Rule. Although the motivation to enter into this transfer was certainly not to avoid disclosure, under the interpretation you propose, any reporting individual could simply transfer liabilities to a spouse on December 30, and thereby circumvent the Rule because it was not his liability "as of the close of the calendar year".

Please be assured that we are of the opinion that the treatment you have received in the press concerning this subject is unwarranted, and that we are convinced any failure on your part to list required information under House Rule XLIV was based on your good-faith interpretation of that Rule. Therefore, there would be no grounds for any possible action against you based on an assertion of willful falsification or failure to file required information.

However, it does seem to us that the information discussed above should have been listed in your disclosure form.

If you have any further questions concerning this matter, please do not hesitate to contact us.

Sincerely,

RICHARDSON PREYER
Chairman

CHARLES E. WIGGINS
Ranking Minority Member

In mid-June, Congressmen Preyer and Wiggins sent a proposed draft of a letter clarifying spouse disclosure requirements to Congressman George Hansen for his comments. Mr. Hansen's attorney subsequently discussed two major points of the draft letter with Donald Terry of the Select Committee staff:

1) The draft asserted that since affected creditors apparently did not release Congressman Hansen from any personal liability, he would most likely still be legally liable for those debts. Therefore, any such debts would be subject to disclosure if they exceeded $2,500 as of December 31, 1977.

We are now informed that Congressman Hansen made a number of courtesy calls to his personal creditors in advance of the public statement announcing his property settlement. Mr. Hansen made these calls to most, if not all, of the creditors because he wanted his friends and supporters to understand the circumstances surrounding the property settlement and to tell them that the marriage itself would remain unaffected by the property settlement.

While Mr. Hansen apparently did not specifically ask anyone to be personally released from any further liability, none of the creditors objected to or questioned the procedure when they were advised of the plan.

(2) The draft letter states that regardless of the legal liability at this point, House Rule XLIV, as interpreted by the Select Committee requires disclosure of any spousal debts "unless they were not obtained in any way from the activities of the reporting individual." Since the debts were "transferred", at least in part, from Mr. to Mrs. Hansen, the draft concludes that they should be disclosed.

Mr. Hansen's attorney argues that there was no "transfer" of debts or liability. Instead the property settlement was actually a legal reformation of the old debts which, in effect, created a new situation without connection to any former liabilities.

Since Mr. Hansen wrote to the Select Committee there has not been any formal complaint filed with the Committee on Standards of Official Conduct. However, the attached letter was recently forwarded to the Committee.

EXHIBIT 5

LAW OFFICES
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SETH P. WAXMAN
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JONATHAN B. SALLET
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June 5, 1984

BY HAND

Abbe David Lowell, Esq.
Committee on Standards of
Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Dear Abbe:

Pursuant to our telephone conversation of last evening and our meeting this morning, I have done some additional investigation and have thought some more about the documents which you have recently found in the files of the House Select Committee on Ethics. Although I do not, at present, have copies of these documents in my possession (because you explained that you would be checking first with the Committee to determine whether they could be released to me), I have a general recollection of their contents. Since I will be unavailable on June 6 and 7 and I know that you are busy preparing the final draft of the report you will be submitting to the Committee, I am taking the liberty of commenting on these newly-raised matters in this letter.

1. I advised you this morning that neither Congressman Hansen nor Mr. Runft has a specific recollection of having seen the draft letter that you showed me this morning. I understand that is consistent with the present memory of others who were involved at the time. For example, you advised me that Don Terry also did not recall that there had been a letter either drafted or sent. It is not surprising, of course, that by this date -- almost six years after the events -- a particular document is not recalled by any of the parties.

2. The attorney with whom Mr. Terry spoke in June 1978 was John Runft. I understand that Mr. Runft called you this morning and told you his recollection of the discussion he had with Mr. Terry. It was Mr. Runft's impression that the conversation ended with Mr. Terry having a more correct understanding of the purpose and effect of the Property Settlement Agreement and its consequence for financial disclosure obligations than he had had prior to their lengthy discussion. Indeed, it was Mr.

EXHIBIT 6

Runft's feeling that he had satisfied Mr. Terry that the treatment of Mrs. Hansen's liabilities on the financial disclosure form was correct.

3. I have had Mr. Runft check his time sheets and bills for the month of June 1978. He has advised me that they reflect the following entries:

> 6/23/78 -- Telephone conference with George re proposed House Ethics Committee ruling.
>
> 6/27/78 -- Telephone conference with George re Ethics Committee. Rough draft of opinion; telephone conference with Don Terry of the House Ethics Committee re disction [sic] between property settlement involving vested interest and transfers of property and re verbal agreement; consistent with Property Settlement Agreement consisting [sic] reformation of contract; telephone conference with George re above
>
> 6/30/78 -- Telephone conference with George reviewing House Ethics Committee position and conference with attorney for Committee

These entries make it clear that in the week between June 23, 1978, and June 30, 1978, Mr. Runft had telephone conferences regarding the draft which you found in the House Committee files. Following these conversations, the House Committee determined not to send the letter that it had proposed to send to Congressman Hansen.

4. If anything, this exchange demonstrates that Congressman Hansen did not simply send a letter in the hope that the letter would be filed away and forgotten and could be brought out as a self-serving defense whenever it seemed useful. The letter plainly prompted discussion within the House Committee and provoked questions to the Congressman's attorney. Those questions were answered, apparently to the satisfaction of the Committee members. To my mind, this exchange strengthens -- rather than weakens -- the Congressman's position that he received implied consent from the House Committee for his decision not to report his wife's liabilities. Indeed, requests for a copy of the Property Settlement Agreement made in later years by the staff of the Committee on Standards of Official Conduct indicated that the House Committee did not subscribe to the view expressed in the draft letter that you showed me. If the Committee had agreed with that letter, there would have been no relevance whatever to the language of the Agreement.

5. I hope it is clear to you that no portion of the Congressman's defense in this matter is intended to criticize the Committee on Ethics or the Committee on Standards of Official Conduct in any way. It is, and always has been, Congressman Hansen's view that he expressed his position to the Committee on Ethics in his correspondence in May 1978, and that the Committee did its job by reviewing that correspondence and determining not to take any action based upon it. The documents that you have now found provide further support for that proposition. The matter was amply discussed, questions were directed to Congressman Hansen's counsel, and the questions were answered. The Committee then determined not to send to the Congressman the letter which a staff member had drafted.

6. In our conversations you have used, at various times, the term "political reasons." I do not assume that the Committee's actions in either preparing the draft which you showed me this morning or in determining not to send it were based on considerations other than those appropriate to the Committee. If one were to take account of "political reasons," it is the Congressman's strong belief that there were more "political reasons" for the Committee to issue an opinion telling him his financial disclosure form was incomplete than not to do so. Indeed, the Committee had shown no hesitation to rule adversely to the Congressman in Advisory Opinion No. 11.

7. You have mentioned that the one individual with a "clear recollection" of the events in 1978 was a staff member by the name of Mr. Dye. You should know, in this regard, that I have been advised that Mr. Dye has been, for the past four years, on the staff of the Democratic Study Group, an organization which lists Congressman Hansen as one of its chief adversaries. I do not mean to impugn anything that Mr. Dye has said. But it is relevant, I believe, for anyone evaluating the facts to know whether the witness with the most "clear recollection" harbors any bias in the matter.

I will try, within the next two days, to have my office get to you any documents that are relevant to this new subject. Please feel free to contact Stephen Braga of my office if any questions do come up tomorrow or the next day.

Sincerely yours,

Nathan Lewin

NL/clb

DISCIPLINARY HEARING

WEDNESDAY, JUNE 20, 1984

House of Representatives,
Committee on Standards of Official Conduct,
Washington, DC.

The committee met, pursuant to call, at 10 a.m., in room 2359-A, Rayburn House Office Building, Hon. Louis Stokes (chairman of the committee) presiding.

Present: Representatives Stokes, Spence, Rahall, Jenkins, Myers, Dixon, Brown, Fazio, Hansen of Utah, Coyne, and Bliley.

Also present: Stanley M. Brand and Abbe David Lowell, special counsel; Representative George V. Hansen; Nathan Lewin, Frank A.S. Campbell, and Stephen Braga, counsel for respondent.

The Chairman. A quorum being present, the committee will please come to order.

The Chair will request the electronic media to remove any and all electronic or other recording or taping equipment from the room. Under the Rules of the House, there can be no recording of this proceeding.

The Chair at this time will make a brief opening statement. To recap our proceedings, in April Congressman Hansen was convicted in Federal Court of filing false statements. Under House and Committee Rules, this conviction had the automatic effect of requiring that a preliminary inquiry into Mr. Hansen's conduct be initiated. As part of this preliminary inquiry, Special Counsel were appointed. Congressman Hansen and his counsel addressed the committee, and the entire record of the criminal trial was considered by the committee.

On the basis of this review, Special Counsel prepared a report recommending that the committee find that violations occurred over which the committee has jurisdiction.

Numerous meetings occurred between Special Counsel and Representative Hansen's attorneys to discuss this matter. Counsel for both sides agreed to what would be the record in this case.

Pursuant to Rule 14 of the committee's rules, the committee on June 14, 1984, determined that offenses were committed by Representative George V. Hansen of Idaho and constituted violations over which the committee is given jurisdiction under clause 4(e) of Rule X of the House of Representatives, including House Rules XLIV and XLIII, clauses 1, 4 and 7.

In accordance with the motion offered in committee, and approved by a vote of 10 to nothing, the committee resolved to hold a disciplinary hearing for the sole purpose of determining what sanction to recommend that the House of Representatives impose on

Representative Hansen for these offenses. We are meeting at this time for that purpose.

The committee now affords Special Counsel for the committee and counsel for Representative Hansen the opportunity to present oral and/or written submissions as to the sanction the committee should recommend to the House. Testimony by witnesses will not be heard, except by a vote of a majority of the committee. It is my understanding that no witnesses will be requested.

On a preliminary matter, the Chair received a request from respondent's counsel on June 15, 1984, requesting reconsideration of the committee's June 14 action, and to reopen the proceedings to hear various witnesses under oath including staff. By letter dated June 19, that request was denied for the reasons adequately stated therein, and the letter will be made part of the record.

For today's hearing, therefore, the sole issue is to determine what sanction this committee should recommend to the House. Each side will be recognized for 30 minutes beginning with Special Counsel for the committee. At this time the Chair will recognize either Mr. Lowell or Mr. Brand.

Mr. LOWELL. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Lowell, you may proceed.

Mr. LOWELL. Members of the committee, to recapitulate Special Counsel's position in this case, we refer the committee and the record to two reports which we submitted to the committee, one dated June 12, 1984, a 50-some-odd page report in which we analyzed the record in the case and made our recommendation that the committee find Congressman Hansen in violation of a number of House rules; the second dated June 19, 1984, submitted to the committee yesterday with our recommendation, which we will return to in a moment.

The chairman has placed the committee proceedings in its procedural context. I would only flesh out a little bit of the factual context. Congressman Hansen was charged in the District Court with a violation of Federal Statute 18 USC 1001 for knowingly and willfully making false statements to an agency of the Government, in this case the U.S. House of Representatives. The basis of those false statements was the financial disclosure requirements of another statute, the Ethics in Government Act, which also is embodied in House Rule XLIV.

The transactions to which the indictment and the conviction related were a Dallas loan from a bank to Mrs. Hansen, the extension of that loan at some later point, the payoff of that loan by a Mr. Nelson Bunker Hunt, the acquisition of an $87,000 silver commodities profit, and the acquisition of loans totaling $135,000 from three Virginia gentlemen. None of these four transactions were reported on financial disclosure forms in the years in which they were due.

Congressman Hansen did not deny that these nondisclosures occurred, but relied instead on the defense that he did not disclose these transactions upon the advice of counsel.

Based on the transcript of the trial, our own review of the testimony, and the meetings that we had with counsel for Congressman Hansen, we concluded that there were four violations of House rules from Mr. Hansen's conduct, and that his conduct was willful and knowing and was without justification.

Those were violations of House Rule XLIV on financial disclosure for all of the transactions enumerated, violation of Rule XLIII for a solicitation scheme by which Mr. and Mrs. Hansen raised over $100,000 in small contributions, and violations of the appearance of conflict statute and rule, and the acceptance of gifts rule in acquiring the extensions of the loans, the loan payoff itself, and the already made $87,000 profit.

On the basis of that, we recommended to the committee on June 14, that it find those violations had occurred and that it go ahead with phase two of the proceeding. The chairman has just stated that we are in phase two, which is to direct the attention of the committee on the sanction to recommend to the House of Representatives.

Special Counsel, in its June 19, 1984 report, has made the recommendation that the violations not being technical, having been willful and knowing, that the committee do recommend a sanction to the House and that the sanction be a reprimand and a fine, and Mr. Brand will explain the basis for that recommendation.

Mr. BRAND. Mr. Chairman and members of the committee, the source of power for the committee to recommend and the House to impose disciplinary sanctions is the Constitution, which provides in article 1, section 5, clause 2, that each House may punish its Members for disorderly behavior and with the concurrence of two-thirds expel a Member.

The sanctions available to the committee are spelled out in committee Rule 17. These include expulsion, censure, reprimand, fine, denial or limitation of any right, power, privilege or immunity available to Members, and, six, any other appropriate sanction.

The committee has issued general guidelines in its rules, not binding in any sense, where it has stated that "Reprimand is appropriate for serious violations, censures appropriate for more serious violations and expulsion is appropriate for only the most serious violations." In examining the prior precedents, expulsion has been imposed only four times in the history of the House of Representatives, three times for treason in the Civil War era, and once for a Member accepting bribes in connection with his official responsibilities.

Censure has been imposed 19 times. Because the Constitution itself does not define the range of possible sanctions with the exception of the procedural prerequisites for expulsion, it is within House precedents and canon that the appropriate sanctions are to be found for offenses of various kinds.

If there is any distinction to be drawn in the precedents between censure and reprimand, it is that censure appears to have been reserved for offenses which are related to the misappropriation of either appropriated or other funds, or unjust enrichment by a Member. The offenses for which the committee under its rules has found Congressman Hansen to have violated, reduced to their bare essentials, are disclosure-related offenses, even the other rules violations which the committee has found, based on acceptance of gifts or the appearance of a conflict, relate to the failure to disclose.

Indeed, we found, based on the record and the trial, that it was to avoid explaining the relationship with certain persons outside the Congress that Congressman Hansen failed to list these transactions. In our view, neither does the solicitation campaign, which we found to have violated Advisory Opinions Nos. 4 and 11, relate to or bring the offense, bring the offense up from reprimand to any greater offense. The House has previously deemed such conversion offenses, even when coupled with failure to disclose, to be subject to reprimand.

As these precedents indicate, it has been the character of the offense disclosure and conversion which establishes the level of punishment imposed, not the cumulative nature of the offenses. Accordingly, in our view, the appropriate punishment in this case would appear to be a reprimand under the House precedents.

Committee Rule 17(b)(1)(D) also includes, as I have mentioned, a fine component as an appropriate sanction, and committee Rule 17(c)(3) states that a fine is appropriate in a case in which it is likely that the violation was committed to secure a financial benefit. The imposition of fines is a relatively recent innovation in the House's range of disciplinary powers, but it has been used twice in recent cases, once most recently in the case relating to Congressman Charles Diggs of Michigan.

Accordingly, Rule 17(c)(3), because it seems to speak of fine as an appropriate sanction for an offense where a Member obtains pecuniary benefits, it is safe to say, in our review of the evidence, that some degree of benefit was derived by Congressman Hansen's nondisclosed transactions, as those have been described by Special Counsel. In our view, therefore, based on what the record reveals, and on the applicable House precedents, we recommend the committee vote a sanction of reprimand and a fine of $10,000.

The CHAIRMAN. Does counsel reserve any of their time?

Mr. BRAND. We reserve the remainder of the time.

The CHAIRMAN. How much time has the Special Counsel consumed?

Mr. SWANNER. Ten minutes, Mr. Chairman.

The CHAIRMAN. The balance of Special Counsel's time is reserved.

The Chair at this time recognizes counsel for respondent, Mr. Lewin.

Mr. LEWIN. Thank you, Mr. Chairman. Good morning. I would like at this time on my behalf, and I am sure on the Congressman's behalf, although he will be speaking briefly himself as well with leave of the committee, to thank the committee for its courtesies, and Special Counsel for their courtesies, with regard to this hearing and the procedures heretofore. We have met at times with Special Counsel in the past and discussed the procedures and discussed various aspects of the evidence.

Having said that, I think I also should reiterate what I did say in a letter to the chairman on the date that we first received Special Counsel's report, which is that with all the courtesies, we believe that unfortunately the procedures that the committee has followed since the last time we met, since the hearing at which the Congressman testified, and I made a presentation on his behalf, we think did violate the spirit of the committee's rules and we think the constitutional rights of the Congressman, and because they relate specifically to the allegations that the committee has found by its decision of last week, I think I would like to speak to that just briefly.

The committee's rules provide, in Rule 14, that in the event of a conviction in a court, after a criminal conviction, there is to be a procedure which I think, as the chairman described it in his letter to me of yesterday, is a "truncated procedure designed to utilize the trial record and not relitigate a member's case," and it is true that after a trial in which a Member of Congress has had an opportunity to meet particular charges, it certainly makes good sense in terms of the economical use of the time of Members of Congress not to relitigate those issues that have been presented in that case, but to utilize that trial record instead.

It is important, however, to emphasize the fact that that really turns on three presuppositions. One is that in the proceeding before this committee, there is a fair evaluation of that trial transcript. Obviously, either the committee members can read the entire trial transcript, which is an enormous burden, or have before them a fair appraisal of what the trial transcript and the evidence actually shows.

The second presupposition and premise is that if there is going to be any new evidence beyond what was available at the trial, that that new evidence would be presented to the Member who is being charged with an opportunity for him to respond and deal with it in a way that the committee can meaningfully understand.

The third, I think, presupposition and premise of that is that in fact what was litigated at the trial, which resulted in the criminal conviction, is actually what is being considered by the committee. The obvious unfairness of any contrary procedure I think is apparent. In other words, if there is not a litigation of any particular issue in the criminal case, then there is no reason for the Congressman in that proceeding to present whatever defense, or no opportunity to present whatever defense he may have to that particular charge.

Unfortunately, the procedures since May 17 have violated all three of those premises. Let me explain briefly why.

With regard to the limitation concerning the charges that were actually pending in the criminal case, Mr. Lowell, in his preliminary statement this morning before the committee, said, well he had recommended to the committee, and the committee had found by its determination the other day, that there had been a violation of rules relating to financial disclosure.

That claim was before the criminal case. But also violations relating to solicitation of funds, to the acceptance of gifts and to the appearance of conflicts. None of those three items—if the committee is in fact contemplating any discipline based on it—none of those three items was actually before the court in which there was a criminal conviction. Let me be very specific.

Special Counsel's report, beginning at page 45, speaks of those three items, speaks, for example, of the solicitation campaign. The only evidence relating in any way to Congressman Hansen's and Mrs. Hansen's—really Mrs. Hansen's—running of that solicitation campaign was a question that was asked of her on cross-examination relating to one $4,700 check which went from a special bank account to a joint bank account.

There is no indication that those funds were not used entirely for the purposes for which they were collected. That one question was asked. Frankly, as trial counsel I thought it was quite irrelevant to the charges in court. I never thought that it was necessary to rebut it in anyway. If we had thought that there was going to be any charge before this committee or before that court that turned on that $4,700 check, we could have met it.

It would have been explained, that it was used for the four purposes that were permissible under the solicitation, and yet on the basis of that really two lines of testimony essentially, Special Counsel has said to this committee; conclusion appears at page 46, that Mrs. Hansen admitted that some funds were taken out of her special accounts and placed in hers and the Congressman's joint account.

Special Counsel has then gone on to say, without any transcript reference, that careful accounting of what money was spent for which debts was neither kept nor possible to keep, and that commingling probably occurred.

There is no transcript reference to that. That was never a charge in the criminal case. It has never been a charge anywhere that the Congressman, or I on his behalf, could meet.

He speaks of loose financial practices concerned with that solicitation. No evidence of that anywhere, anywhere, not in the court record, not in this record. And he concludes: "The evidence clearly * * *"—I emphasize "clearly"— * * * shows that this was not done, that they did not implement the plan carefully, and the resulting practice therefore violated House Rule XLIII. The evidence doesn't clearly show that. The evidence doesn't show it at all, gentlemen of the committee. It is simply a charge that was never made in court. It was never confronted in court. It was simply an incidental question asked on cross-examination of Mrs. Hansen, and suddenly it is being presented to you as the basis for discipline of the Congressman.

The same is true with regard to a claim that there was an acceptance of gifts from Mr. Hunt, acceptance of a gratuity, which appears at pages 47 through 49 of the Special Counsel's report. He says, correctly, that it is improper for a Congressman to accept directly or indirectly, from any person having a direct interest in legislation, any gift. Now, there is no evidence of any gift from Mr. Hunt.

There is evidence of loans. But that is not the point. The point is that question of whether there was any gift received from Mr. Hunt by way of this loan is something which even the prosecutors didn't allege at trial. There was no claim at trial that Mr. Hunt had an interest in any specific legislation. There was no legislation that was named in the trial, specified in the trial. There has been no legislation, indeed, that is even named or specified in the Special Counsel's report.

The words that appear in the report are: "Nelson Bunker Hunt obviously is a person with a direct interest in legislation" or "Nelson Bunker Hunt's interest is open and notorious," in all legis lation presumably. In other words, if one receives a gift exceeding

$100 from anybody who is a well-known figure in the business world, presumably there is legislation before the Congress at any time affecting people in the business world, that violates the Special Counsel's rules that he has suggested to this committee were violated by the Congressman.

There is, again, I say, no charge that was ever made, no charge that we ever had an opportunity to meet that there was any gift. Indeed, even the language which is quoted in the report says, from the Committee on Standards, says "that a large gift from the head of an energy company during the pendency of an energy company divestiture bill would be barred, but a similar gift from the same source during the pendency of general minimum wage or economic stimulus legislation might not amount to a direct interest."

I submit to you that the fact tnat Nelson Bunker Hunt, if he gave a gift—and he never gave a gift to the Congressman; but even if the loan were in some way viewed as a gift, there is nothing more than this kind of general interest in some undefined legislation. It is totally unfair, totally without notice, totally without an opportunity to provide a defense, and totally without evidence that you are proceeding against Congressman Hansen on a charge that he accepted a gift from Nelson Bunker Hunt. Never presented at trial, never presented before this committee, simply made up by Special Counsel on his own unilateral determination of what he believes the evidence to show. And it is wrong.

But even more than that, of course, is the fact that with regard to all these things, including the appearance of a conflict, which is based on this meeting with the Secretary of the Army, where the claim is that he obtained some benefit from persons for whom the Member was seeking to expedite or advance Government decisionmaking, and the evidence again at trial demonstrated only that the Congressman was present for a brief introductory section of a meeting with the Secretary of the Army, that he did not seek to advance this in any way, and, again, that was not an issue in that sense at the trial.

The question of whether there was a quid pro quo, (a) was not an issue at the trial, (b) to the extent it was even peripherally involved we think was rebutted by the testimony of the witnesses who said that they had provided the funds. They said over and over again that there was no quid pro quo of any kind.

Beyond not being presented, it was contrary, we submit, and we believe, to an explicit understanding we did have with Special Counsel, where before the meeting of May 17, he told us, because we had argued vigorously that anything beyond the charges in court were things as to which we had no opportunity to defend, and he told us before that hearing that is not going to be gone into.

Now, maybe there is a failure of recollection. Maybe there is a failure of understanding, but I will represent to this committee that that was my understanding, and it was on that basis that Congressman Hansen didn't deal with any of these questions at that hearing. All we are saying is that you can't condemn him without giving him the opportunity to be heard on those kinds of charges.

All right, let me talk then for a minute, if I can, about the new evidence, because that is the second premise, that the evidence that is presented in court is the evidence that the Congressman and his attorneys had a chance to meet.

Until May 17, we thought the procedures were perfectly appropriate. We addressed the evidence that was presented in court. We presented to this committee both our briefing book and the underlying exhibits, so that the committee would have its own view. We didn't know what the Special Counsel was going to say, but we thought the committee ought to have our view of what the evidence presented in court.

Then we were suddenly told that with regard to one aspect of material that was testified to in court, in other words with regard to the question of whether the House Select Committee on Ethics or this committee, at its very early stages, had in any way responded to the Congressman's letter of May 1978, and had told him that he may not do what he was then doing. With regard to that, Special Counsel said he had found some additional new documentation.

Now again, what was the issue? The issue was whether Congressman Hansen, as of 1978, 1979, 1980, 1981, and 1982, had reasonable grounds to believe, from the nonresponse, from the failure of the committee to respond to his request, which said, "I am not reporting my wife's liabilities because there is a property settlement agreement," did he have reason to believe that he could continue doing that during those next 4 years?

The committee did not send him any letter during that period of time.

Now, Special Counsel advised me on June 4th that he had found certain correspondence in the files of the committee and that correspondence appears as exhibits 1 through 5 attached to the Special Counsel's report.

My own view of that correspondence, once I saw it, was that, if anything, it corroborated the Congressman's defense, and I will explain that in a moment, but that is really beside the point just for this minute because, with regard to those letters, or that documentation, certainly the spirit of Rule 14 required that this committee hear the Congressman and hear what he had to say about that. That was not something that was presented at the trial.

To the extent that is being used with regard to him, that is material which is like any evidence of a new charge which would be subject to Rules 11 and 12, and in fact Rule 18 of this committee's rules very specifically says that:

> Upon the request of a respondent, the committee may permit the respondent to inspect, copy or photograph books, papers, documents, photographs or other tangible objects which the committee intends to use as evidence against the respondent in a disciplinary hearing, and which are material to the preparation of the defense of the respondent.

It says the committee may do that. It doesn't say the committee must do it, but, of course, what it contemplates is a fair hearing to somebody so that if these documents become available he sees them and he can deal with them.

We asked for copies. We were not given copies. I was shown them for 10 to 15 minutes and after I was shown them, and I explained to Mr. Lowell why I thought they were corroborative of the Congressman's defense, I received no further information of what was being done and, at that point, Mr. Lowell apparently conducted a wholly independent investigation. He spoke to some people, but he did not report, as I see it, to the committee, either verbatim or by summaries or memoranda of interviews what the interviews had disclosed, but just simply stated his conclusions to the committee.

I submit the committee has not at that point done anything itself with regard to these new documents. They have simply said Special Counsel has conducted his investigation and whatever conclusion he has come to is his conclusion and the committee then adopts it simply on the basis of his say-so.

That, we submit, is not the proper procedure, particularly when what the special report does is, it creates a strawman, and then proceeds to knock it down. If you will note page 26 of the report says, and then there are several pages of underlined testimony, "There is an implication in the testimony of Mr. Runft and Mr. McKenna," who testified as defense witnesses in the trial, "that the committee did not respond to the May 1978 inquiry."

In other words, that the committee didn't deal with it at all and that the letter got lost.

Well, if one reads the testimony, I submit that is a totally false characterization of the testimony. The testimony provided no such implication.

What it did say was the committee never told the Congressman that he couldn't do what he said he was doing, and that is absolutely accurate. If you will look at the exhibits, the exhibits indicate in fact that the committee thought about it within the staff, that they proposed a draft that they sent to the Congressman, that following that sending of the draft to the Congressman there was a conversation between the Congressman's attorney and a member of the committee staff, Mr. Terry, and then that the letter was not sent.

I have had several years of experience with the Government. When the Government proposes to do something, no matter whether it is an executive agency or someone else, and an attorney or someone says OK, we will discuss it with you, and then the bottom line is that they don't do what they propose to do or they don't send out a draft letter, it means that they are not disagreeing with you, and that was the conclusion that Mr. Runft came to, as he told Mr. Lowell, and that consequently Congressman Hansen could come to based on what was done.

A letter was drafted. Nothing was done, but there is more to it than that.

It is clear that, for example, one of the signers of the letter that was sent to the Congressman, exhibit 4, I believe it is, which is attached, is former Congressman Charles Wiggins.

Now, there is no mention in the Special Counsel's report of what Mr. Wiggins says happened to all this. I mean, there is talk about the staff saying that they didn't agree with Mr. Runft. There is no mention about what Mr. Wiggins thought, and yet Mr. Lowell did have a conversation at some length with Mr. Wiggins, and I don't know whether he reported it to the committee.

I spoke with Mr. Wiggins yesterday and Mr. Wiggins told me that he had a very vague recollection of all this. He didn't particularly recall the letter, but, from the fact that that letter was drafted and was not sent out, he had two possible explanations, which are speculation, but there are two possible explanations.

One, he said to me, it is possible that the explanation given by Congressman Hansen's counsel was sufficient to allay the concerns of the committee.

Two, his second explanation to me was that to the extent our rules permitted a property settlement agreement, we had no reason to be critical of him on the basis of that discussion, and that is why that letter didn't go out.

Now, I told former Congressman Wiggins that I was going to report exactly that to the committee today and he said that is fine. And what I am saying to you, gentlemen of the committee, is how is it possible for you to form any judgment or to approve the judgment of the Special Counsel, which says that these documents in some way reflect adversely on the credibility of these attorneys who testified for the Congressman, without even hearing from Mr. Wiggins, or without even knowing what he said to the Special Counsel.

These issues which go to procedure and which go to the new evidence that was prepared after the time that we had an opportunity to appear before the committee it seems to me undercut the Special Counsel's conclusions which are based very much on this new evidence because that is given substantial prominence in his report and particularly what is given prominence, for example, at page 32, is the statement in which he says that—

> Congressman Hansen and at least one of his attorneys knew that the Ethics Committee staff and Congressmen Preyer and Wiggins did not concur in their judgment about not having to disclose Mrs. Hansen's liabilities.

As to Mr. Wiggins, that, I submit to you, is plainly false.

As to the Ethics Committee staff, the other thing about the report is staff is responsible about in the generic term. The staff says that it does not agree with Mr. Runft, with no specific statement of which staff member, if any, contradicts Mr. Runft, and to what extent, and I will tell you that on June 4, when Mr. Lowell called me, he said to me, Mr. Terry's recollection, and he doesn't recall who he talked to, Mr. Terry's got a very vague recollection and I think he talked to Mr. McKenna.

He doesn't recall who he talked to.

Now, if the staff person who says he was not persuaded by Mr. Runft didn't even know whom he talked to and thought he was talking to Jim McKenna here in Washington, whom he well knew and whom he had known many years thereafter, and that he did not have the conversation with Mr. Runft, I submit to you it is simply not credible, if he is telling Mr. Lowell today, if indeed he is, that he was not persuaded by Mr. Runft. He doesn't recall that conversation in any way, any part of it.

Finally, what you have to depend on is whether the report is fair, whether the report that is being given you by the Special Counsel is a fair report, and I submit to you that there is no way, no way in which the summary of evidence that is written out in that report can be viewed as a fair summary of evidence.

It is a prosecutor's summation. I was there at the trial. It doesn't describe the trial that I was present at and in the limited period of time that I have and I have very little time left because Congressman Hansen wants to address the committee directly too, but in the very limited time I have left, let me point up one or two illustrations.

There is discussion for example, if one starts at page 12, about these loans from the Virginia businessmen, and the entire discussion is written up as if the Congressman met Mr. McAfee in late 1979 or 1980, he was representing the family of one of the Iranian hostages, Congressman Hansen was active in the Iranian crisis, Mr. McAfee was a business partner of Mr. John Meade, and the next paragraph begins, "Congressman Hansen told Mr. McAfee of his debts and asked him for some money."

Well, that is plainly a mischaracterization of the record. At the time he met Mr. McAfee in 1979 and 1980, and did a lot of things for Mr. McAfee, the testimony is clear there was not a request for funds for one iota of time.

It was years later when Congressman Hansen was interested in the Association of Concerned Taxpayers and had published his book that he first spoke to Mr. McAfee about funds for that project specifically.

That is what the record talks about.

The prosecutor, if he wrote up this summation, could not have written this kind of mischaracterization. The judge would have known it was false. The jury would have known it was false, and yet the Special Counsel has done it for you in this report.

Special Counsel, in this report, also questions the notes or the loans that were the basis for the original need for solicitation.

He says with regard to them, for example, just in terms of background, at the bottom of page 5—"Mrs. Hansen too was somewhat vague about the source of the debts," as if there were no debts at all that Congressman Hansen had undertaken, and Mrs. Hansen was vague.

Mrs. Hansen was not vague about the source of the debt. He cites the transcript page. The very last question that is asked Mrs. Hansen after the prosecutor has gone through a whole series of questions on cross-examination with regard to the property separation agreement:

> Question: Mrs. Hansen, what liabilities were there that are not presented by the financial statements that you have seen?

These are the financial statements that were submitted to banks that were presented to Mrs. Hansen and she really had not seen before, but they were put before her. She answers:

> Mr. Weingarten, there were numerous ones, but I can't relate it all to you right now.
>
> Mr. WEINGARTEN. Thank you, ma'am.

And at that point the prosecutor sits down and ends his cross-examination. No uncertainty, no vagueness. She says "There were a lot of debts. I can't tell them all to you."

If he had said, name me some, she was prepared to name some. We had talked about that before her testimony. But for the Special Counsel to say because that is what he wants to tell you, that Mrs. Hansen was vague about the source of the debts is a misstatement of the record.

"The Hansens' trial counsel told the court that there was no documentation of these debts." I told the court that we were not in that trial going to be presenting any documentation of the debts. We said the debts had been established.

We thought there was an invasion of privacy of the individuals if we were going to present any documentation. There was not going to be any presentation of any documentation of any debts. Nobody said there was no documentation.

But, anyway, the main point is, this report is rife, completely rife with misstatements, with mischaracterizations of the evidence, and we have not had an opportunity to deal with that.

When we asked for a copy of the report in advance of your considering it, so we might be able to correct it, and that was the purpose of my letter to the chairman, we were told no, you can't see it.

So what happens is there is a hearing at which you go on the basis of representations that are made to you by the Special Counsel and then you go on to consider discipline when there is no opportunity for us to even rebut, which we could do in detail because a host of allegations that are made in here are misstatements.

What are the reasons for that? I don't know. I don't want to, and I certainly would avoid making, casting any aspersions on Special Counsel, but what leads me really to raise this is an observation that Justice Brandeis made years ago in the famous original wiretapping case, *United States* v. *Olmstead.* He said there that "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding."

I have no doubt that Special Counsel is zealous, but I submit to you that the report that he has given you is a report of a prosecutor. It is unremitting tirade with none of the details regarding the defense case that was presented at the trial.

He may be a man of zeal, and I have no question, and I don't wish, as I say, to raise any questions about why that has been done, but I submit it is wrong. It is not a report on which you should rely.

That brings me finally to the question of the sanction. On the basis of all these factors, we submit that the committee should reopen its hearings. We realize that the committee has decided it will not do so, but nonetheless, we ask it to consider that again and provide an opportunity for testimony and written submission.

If not, then we direct the committee's attention to the fact that Rule 17(c)(2) provides specifically that there may be, in appropriate cases, simply a report of technical violations to the House with no adverse finding of any kind and no adverse recommendation. Regarding any sanctions of 17(c)(2) for technical violations "The committee may direct that the violation be reported to the House without a recommendation for a sanction," and we submit that what is involved here, given the fact that if one eliminates these other three things which Special Counsel threw in without giving us an opportunity to respond, and one views only the question of disclosure of his wife's liabilities and disclosure of the loans regarding the Virginia businessmen, we submit that that is a technical violation.

Maybe that should have been reported on the EIGA form but, if so it is the kind of thing which can be reported to the House and simply left exactly as it is.

There is no basis on this record, we submit, for a reprimand. There is certainly no basis for a fine. The suggestion that this is a violation to secure a financial benefit, if anything, what it shows is the enormous debt that Congressman Hansen was under during that period of time.

The nonpayment—one of the things that is totally omitted from the report, for example, is the reason for the nonpayment of the Hunt loans. There was testimony at trial and Special Counsel well knows because we told it to him, was due to the fact that counsel, including myself, had advised the Congressman, don't pay those Hunt loans while the case is pending. It is going to look like you are trying to do something to affect his testimony, and therefore it was not paid on the advice of counsel.

Those loans are outstanding.

Mr. Hansen intends to pay them and there is no financial benefit from loans which carry an interest that is certainly a very substantial interest by any current or past standards for loans given by financial institutions.

On the basis of all those factors, we submit that the committee should reopen, should reconsider, and, if it does not do that, should do nothing more than simply report this violation to the House.

Now, I would like to provide the Congressman an opportunity.

The **Chairman**. The Chair would inquire as to how much time has been consumed by the gentleman.

Mr. **Swanner**. Thirty minutes, Mr. Chairman.

Mr. **George Hansen**. May I address the Chair?

The **Chairman**. In just a moment.

First the Chair wants to acknowledge the fact that under phase 2 of the rules for disciplinary hearing, the rules actually are silent with reference to respondent addressing the committee. Actually it refers only to counsel for the committee and counsel for the respondent. However, the Chair recognizes respondent certainly has a very real vested interest in this matter, and for that reason the Chair is going to recognize respondent for such time as he may consume.

STATEMENT OF HON. GEORGE V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. **George Hansen**. Thank you, Mr. Chairman. I am very grateful to you and to the members of this committee for this opportunity to be heard, and I appreciate the meeting being open to the public in the spirit of full disclosure, as I had requested.

Mr. Chairman, I fully appreciate the agony of members of this committee, how they must feel in being responsible for judging of a fellow Member of Congress. Likewise, I am sure you understand my difficulty in challenging certain policies, procedures and decisions of this committee in my own defense.

It is my life and future which are at stake.

Individually I honor and respect you as my colleagues and friends, and this has also been the case with your predecessors, and let me assure you that what I say here today is not intended to reflect personally upon anyone.

However, I think it is time to get the facts on the table, not the convoluted facts presented by Special Counsel like a prosecutor's memo, but the real honest-to-goodness story, and in fairness to the Special Counsel it is sometimes difficult to make an analysis of things happening the way they do, and I have personal respect and some association with them to have achieved that perspective and respect. But there have been things reported to me recently which did cause me to have some concern about, whether intentional or otherwise, there was something called politics that crept in, and I know that that would not be true of this body, which is organized with six and six, but it can happen, I guess, when you don't intend to have it happen, but I have reports coming from my congressional district directly from my opponent that this committee was going to be acting, he was assured by the chairman of the Democratic Congressional Campaign Committee, that this committee was going to be acting at a specific time in order to cause influence to that election, and, second, is that when you wire that together with reports that we had which apparently had some merit to them, that Special Counsel had had some contact with that committee, and there could have been some conversation which could have been passed on, that it causes some concern to me.

Third, when Special Counsel resurrects a person who brings by that so-called smoking gun, that document that never was signed and never was sent, and it was done by a person who is partisanly employed again in the Democrat Study Committee, then I think that you have some cause to wonder just how objective things are being done in terms of reports being prepared.

I have no problem with the members of this committee, but I want to be sure that what you get is the facts and not something that is distorted for one reason or another, whether it is political or whether it is zeal, or whether it is some attitude toward the defendant or anything else, and that is why I feel it is important to be sure that is on the table.

Mr. Chairman, I play by the rules and I want to assure you, as I assured the judge the other day in court, that I handled my reports correctly and honestly, and I think Mr. Lewin has pointed that out, I think very carefully, this morning, but I would like to reiterate some of the points.

I came to this committee in 1977 to request permission to solicit funds to retire a large personal debt forced on me by political dirty tricks. The problem of debt was not unique. Other Congressmen at the time were converting political funds to pay personal debts without asking. Our distinguished majority leader, Jim Wright, and former colleague, Tom Steed, were among those publicly reported to have handled personal financial problems in this manner, and I don't question it or criticize it. It was a fact.

But, to exercise caution, I asked first. In other words, I didn't just do it and then let you hit me with it. I asked this committee and was surprisingly told by the committee that this would not be permitted for me under the rules. This was even after my proposal had been successfully cleared with the Federal Election Commission.

Seven years later, Mr. Chairman, and I say this respectfully, but it was publicly reported that you also elected to solve your own debt problem this way and for good reason, as you stipulated. I have no quarrel with what another Member does, but the point was, I was steered by this committee into a certain course of action and that course of action has been an absolute disaster for me.

We have tried to get the cooperation of this committee time after time, letter after letter, visit after visit between the attorneys, to try to be sure that we knew what we were doing and we could rely on the committe and that I could honestly rely on counsel.

Now it has been stated, gentlemen, in the court, by a court that disallowed any information from this committee for me to defend myself with, it has been stated that we didn't keep close enough contact with the committee.

Well, they don't have access to the files which show that we did have contact with the committee and that is the point.

Now, am I going to be condemned for my cooperation with this committee? Is that the point? What have you got to do to establish that you have done things right?

I hired not one, but two attorneys, and I had others too that helped me in the meantime. I haven't brought them in because they weren't that consequential; I had the main line ones, and they advised me under the circumstances I should do such, but contrary to what the court said when they determined that somehow I hadn't pursued that, that I had shortcut it, and given my attorneys partial information and then not followed it up with the committee; that is an absolute lie.

I gave my attorneys full information. In fact, one of them practically lives with me on my staff and the other practically lived with me through the process that was going on, and they knew, and they did the talking with the committee, not me, so they had to know. They pursued this and there is no reason anybody can say that I was hiding, shortcutting or anything else. And, while you are at it, talk about what that loan of Bunker Hunt's would have been. It was a loan from a bank to my wife.

Now, what does the disclosure report show? It shows Bank A, ABC, Bank BABC, Bank CABC, one more bank and a whole list of banks, would that have scared me putting it down? Ask yourself. Nobody was hiding anything. In fact, there was a real problem to me.

How do I handle this thing? Because the committee, I had to come to the committee because I didn't get to do what Mr. Wright did, or what Mr. Steed did, and what others have done.

I had to come to the committee and find another way to try to solve the same kind of problem, and my wife stepped in when I was told no, and she said, well, I am a free and independent person and that committee sits over there and they talk about human rights and individual rights and civil rights and women's rights, and they don't have a right to saddle me with a politically incurred debt, me and the children, and I deserve to find a way out before it is a disaster. And that is all she did.

Are you going to condemn somebody for that? My wife bravely took this thing on. She addressed the committee, told them what she was going to do. She told them not only in 1977, she told them in 1978. How much do you have to tell people before they understand what we are doing. And the attorneys were here, and we had a document prepared, and it is right in the Washington Post, gentlemen, of 1977, December 3.

And the Washington Post quotes on the front page: "Committee sources said that because Mrs. Hansen assumed the debts and the fund-raising was not explicitly on her husband's behalf, the Congressman was not technically in violation of the House rule." And it was even reported publicly we weren't in violation.

Now, what have you got to do? And I don't know where this is in the committee counsel's report. And they said they were so objective.

The committee accepted it. Now, yes, true, that was for solicitation purposes, but then the court, the prosecutors tried to color this thing by making it look like we had tried to get around something to keep from reporting. They lied to the court, because the document was done for solicitation purposes 2 years before the first EIGA report had to be made, and we must keep this all in perspective. A lot of people look at history like a wall.

It all happens at the same time. It happened in retrospect, and we had the permission first for solicitation. Now comes the report. What am I supposed to do—admit to this body that my wife is not really separate from me, so I report her and undermine myself before, make myself vulnerable to the committee and say, well, she really is part of me, I will report her too? I had a problem. And I went to legal counsel to ask what to do about that problem. Do I report it or not.

And as I said, it was not an embarrassment to report that, and committee counsel is just sucking hot air when they are saying it. There was no problem with reporting because it would have been adding one more bank and when you had an acknowledged public debt which I had been catching hell for for a whole period of time—most people catch it in this town for ripping off something—I come to town and have all kinds of problems because I honestly try to pay my debts. Hubert Humphrey—and I don't dishonor the man at all—he ended up with a huge political debt and he settled for so many cents on the dollar. Well, that was his way of solving it.

In my own moral framework, I felt paying your debts is important and we have done it at all costs even though it meant ridicule, derision, and all kinds of problems, my wife being called "Tin Cup Connie," myself being called "Tin Cup." It's no fun to try to be responsible in an irresponsible atmosphere in this Nation's capital when ripoff seems to be the name of the game, and that is exactly what disturbs me, is why an individual can't come to town and honestly try to pay a debt without catching hell, and that is all we have done.

Mr. Chairman, we wrote to this committee, and we asked, we challenged the committee, tell us if we are not doing right. And the committee accepted the challenge. That is what that smoking gun was these guys talk about. The smoking gun was there, was a draft memo that was never signed or sent, and it was saying that we don't think you should do it, written by some staff member, and upon reflection, apparently, and as Mr. Wiggins told Mr. Lewin, upon some reflection the document apparently was found to be invalid and left in the files unsigned and unsent, and am I to be condemned because some staff member had some kind of a wrong idea of what we were doing and wrote a memo and it was never sent?

That is what we are talking about. Nothing was ever sent. We advised the committee we had an ongoing flow of traffic, that we were doing certain things, we were filing our reports a certain way, we were collecting money a certain way. We never hid it, and we invited them to put up a stoplight if they wanted to. They constructed one stoplight and didn't put it up. That was that memo. Nothing else has been done. I have never had a stoplight thrown at me. I have never had a letter from this committee telling me that I have done wrong, or that I am doing wrong, or that I should change my practices.

Sure there have been some questions, because any time you do something that is different and unorthodox somebody wonders what the heck you are doing, and if you don't think that that is true, not only did you not send that document, that memo.

The next thing, Mr. Chairman, is that every year Mr. Swanner called Mr. McKenna from my office, or one of my attorneys, over to discuss that so-called separation document, and so ongoing, ongoing, it never did get into the dark files. It always stayed out on the table.

Well, I feel I have a right to rely on this committee as well as good lawyers, and I have had people say: Why don't you fire your lawyers; why don't you sue your lawyers?

Well, my lawyers apparently did things well enough that this committee accepted them in 1977, and they didn't disavow them in 1978, 1979, 1980, and all the way through. Now, are you going to take me to the floor of the House, gentlemen, and throw a $10,000 fine at me, and give me a reprimand because I have diligently tried to live up to the rules of this committee, even to the point of following a convoluted course of action made apparently just for my benefit?

Mr. Spence, I remember you and I at times back in those days—and we talked about the problems that we both had, my problem, and you at the time had a very unfortunate problem of a terminal illness in the family, and about the problem of servicing such a huge debt that that incurred. And you were talking about how were you doing it, and we talked about it. I don't know whatever happened. I am sure it was a burden to you. But you knew, and you know, what the problem is to a Congressman.

Well, Mr. Chairman, I don't know how to really state what I feel, but I want you to know this. When you talk about a fine, you talk about correcting something, you talk about getting something out of all this.

How many of you, how many Members of Congress would go out and borrow $135,000 to put into your legislative program at your own risk, and you pay the interest and everything else? Am I getting something out of it? You ought to pay me, not fine me. And that is what we are talking about. I put my own money, whether it was a trip to Iran or whether it was $135,000 or whatever, I put my money into this job. I am not taking you.

My wife works for free in a job that could pay 60-something thousand dollars per year. In 10 years she has given this country $500,000. Is that being on the take? Because that is what one of the charges are, Mr. Chairman, and I am tired of hearing it. It's bad enough to hear it downtown where I suppose they don't understand, but it is a heck of a lot worse to hear it up here where you know better.

Mr. Chairman, I would like to address those four points, five points these gentlemen make. The Secretary of the Army. Any Member of Congress up here, you know that to get an appointment with the Secretary of the Army is a routine thing. Mr. McAfee was a friend of the Secretary of the Army. They were fellow Virginians. He happened to be in a town way down South. I happened to be here. He said, "Will you get me an appointment?" That is a courtesy. I do it all the time. You do it all the time. Is that a bribery? Is that doing something for my benefit?

And what he wanted the appointment for was something absolutely absurd, and the only reason I even involved myself in it anymore was the fact that some of those people in the Army and the ridiculous bureaucratic chain of command started picking on each other over the fact that some of them listened to what these guys were saying, and I didn't care whether anybody did anything about what they did or not, but I didn't want one bureaucrat taking it out on another bureaucrat.

I think I have a responsibility to see that Government employees treat each other fairly. And that is what we are talking about, and that didn't come out in this great objective report they are talking about, either.

I would like to also tell you, Mr. Chairman, that Bunker Hunt, the Justice Department sat right in on my couch in my office, and they told me that because of the blackmail letter, they told me that they went out and they looked, and I can tell you they looked because I have a few friends around town, and they went into every agency in town.

They went thoroughly through the Department of Agriculture to see if I had ever done anything that could be construed to be helpful on a personal basis to Nelson Bunker Hunt, and they came up emptyhanded and the prosecutor sat on my couch in my office and he said, "We found the quid." That means that Mr. Hunt apparently helped my wife a little bit. "But we can't find the quo on a quid pro quo." And they didn't find it so decisively that they didn't bring it in the charges, and they also didn't find it with the Secretary of the Army so they didn't bring it in the charges.

Mr. Chairman, the one thing I did for Carl McAfee is I got him in with a hostage mother into Iran when even no other public official in this country could get in, for her to see her son, an American hostage. Now, if that is a misuse of office, I will take that one, because that is the one thing I did for him that he couldn't or didn't do totally for himself. Beyond, that, the rest of it is absolutely poppycock.

Now this business of gifts over $100, Bunker Hunt. I was advised not to pay the loan. My wife was advised not to pay the loan, either one of us, to get it off the books, because it was still part of an ongoing problem, and I should stay away from it. It is not because we wanted to take a gift, and in fact I can have one of my counsel tell you that we are being hit by them several times, where is the money? We want the money. And there I have to go along and not pay the money, which doesn't make me feel very good, because of the fact that I am supposed to stay away from them until litigation is finished.

Direct mail? Mr. Lewin said my wife takes a little money out of her account, set up for her in her direct mail. She puts it in a joint account, and they jump and say "Aha, you got the benefit."

My wife still signs those joint accounts, gentlemen. Did that mean I got anything out of it? And if I did, the gift laws in this country allow it anyway. But the second thing is that I have full power of attorney on her and she has full power of attorney on me, and we have had since 1971 or 1972, and we can help each other, work for each other, sign for each other, and it doesn't mean that we are mixing up in somebody else's business. She can give me permission to do things and I can give her permission to do things, and it doesn't mean you have necessarily contaminated your accounts.

Reflecting credibly upon the House, which is under clause 1, I ask, I comply, I have borne the burden of this in order to be credible, in order to comply, and I resist that one very strenuously.

As far as the disclosure of transactions, your own files, gentlemen, your own files show what happened, and if you can tell me that after all the efforts we made, and with Mr. Wiggins' own testimony and with the documents that are there and everything else, if you can tell me that we tried to cover up anything, or tried to have some kind of a process that didn't disclose, then I will eat your hat.

Now, the Justice Department, because they found this, they couldn't find bribery, they couldn't find anything else, and they were out on a limb. And so what do they do? They create a law for me. They piggyback a criminal provision on a reporting requirement on 1001, and put it on a law that you never intended in this Congress to have been criminalized. It was supposed to be civil penalties, if you didn't file, civil penalties; if you file wrongfully they criminalized it. They concocted something just for me but they didn't just concoct it for me, they concocted it for you too because you also sit in the same kind of a position. You also file reports.

Now, do you know what they wanted to do to me, if it makes it mean anything to you? They wanted to take the fact that my wife had a transaction of a $50,000 loan from Mr. Hunt for all the help she got when his broker helped her lose $33,000, that is a lot of help, and she ends up with the bill, they want to give me, wanted to give me 5 years in jail and a $10,000 fine for not listing that loan on my form, with all the reason we had for not listing it.

And then when Mr. Hunt had to assume that because she didn't get going fast enough to pay for it so she owed him, not the bank; they wanted to give me another 5 years and another $10,000. And then they wanted next time when a transaction worked a little better, and we didn't report it, because it was still hers, they wanted to give me another 5 years and another $10,000. Well, the judge didn't go along with all of that, but if the prosecutors had had their way I would have been away for 15 years and $30,000 just for not listing my wife's stuff when we had an understanding with this committee.

Now, is that fair? Is that right? And to go through this horrendous process that has cost me, gentlemen, $350,000 so far, and when you are going through trial, and it is not to say anything about legal counsel, believe me, if you have got to have brain surgery you don't want anything less than the best surgeon. But $50,000 a month is a hell of a price to pay to prove you are honest and that you are right.

It is almost your yearly salary every month. Can you handle it? That is what we are talking about. You go ahead and fine me another $10,000. It's like a flea after all of that, but it is baloney.

Mr. Chairman, I should have robbed a bank. I would have had the money. I wouldn't have had probably as big a penalty as screwing up a Government form. Are we keeping things in perspective? I didn't screw up the form. We did it right. We did it with counsel. We did it with the permission or at least the tacit permission of this committee, and I am not going to take that rap. I am not going to take it here and I am not going to take it anywhere else.

Mr. Chairman, I am absolutely not guilty, and I think this committee—and you can ask Tom Foley, you can ask Speaker O'Neill, you can ask Trent Lott, who have also been familiar with this case, ask them how they feel about it. Ask them what their public pronouncements have been or their pronouncements to the probation officer or whatever. Ask them.

They said this law should never have been criminalized. They said this was a railroad job. They have said all kinds of things. They said, if anything, if anything, this was a purely technical thing, but they didn't even think it was that.

I am just telling you that the leadership of the House doesn't even buy this, and I don't think that you can buy it. And the worst part of it is, Mr. Chairman, who is it going to be next.

I have something here that I think is very interesting. We did some research to find out is George the only guy that seems to be out of step around here or have a problem? I didn't even amend the report. I didn't leave anything blank. There was an argument down in court from a downtown expert on EIGA, not a Hill expert but a downtown expert, a Chevrolet expert on a Ford, so to speak, and he couldn't even answer which way it should be under different sets of circumstances.

But let me just tell you that for the 1978 year, filed in 1979, that the following reports of Members of incomplete entries for one or more sections from 1 through 7, there were 53, Mr. Chairman, 53 people in this body that could technically be called downtown for an investigation or to a grand jury because of the fact they have aberrations in their reports. And there are also 11 who asserted a rationale for not reporting information about another family member.

And in the next year there were 42 more who had problems with sections 1 through 7, and then section 8 on the family, there were 34 Members of this body that didn't answer the question, and four more who didn't answer it correctly. And then the next year, 1981, for the year 1980, 52 more, Mr. Chairman, 52 more who didn't answer the first seven parts correctly or fully, and 40 who left a blank entry for the family aspect, and a couple of Members who didn't report it correctly.

The next year you have 49 Members who didn't answer 1 through 7 correctly, or fill them out completely, and on section 8, 45 Members who left the family out, and four Members who didn't answer correctly, and then the U.S. News & World Report, right after my indictment in June 1983, ran the following article saying, "The charges against Idaho's Representative George Hansen for filing a false financial statement have not gone unnoticed by his colleagues. At least 140 House Members have filed amended statements since mid-May, mostly correcting details of money they earned making speeches."

Well, that doesn't sound too good, but the point is you have 140 after some research shows there are 156. Just to give you an example, there were 74 amendments in 1979. There were 76 in 1980. There were 80 in 1981, 53 in 1982, and 157 in 1983. Now tell me that if you had some overzealous, ambitious prosecutor, he could call the whole House of Representatives down and you could have a quorum call down at the grand jury. That is exactly what we are talking about.

And here we added it up, and this is only for the 4 years in question on mine and 1 subsequent year on amendments, 243 sitting Members of Congress, Mr. Chairman, have that kind of problem with their reports, some very simple, some just a simple amendment, some totally remaking the reports, and I could go into some detail, but I don't think that is necessary. I think the point is made.

I might mention that that includes more than half of the Members of this committee, more than half of the Members of the leadership of the House, and I just don't think that you want to set up a wholesale type of operation for the Justice Department at the grand jury by making the House of Representatives vulnerable to what is going on.

Mr. Chairman, the one thing I think that is even bigger than George Hansen in this is the fact that by allowing the Justice Department to get away with this, to criminalize something that was not intended to be criminalized by your accepting jurisdiction, what you have done is set every Member of Congress up for being very vulnerable to criminal charges, and I think the time is right now with a case as clean as mine, where we have done it right, we have done it with the full knowledge of your committee, to reject this thing and send it back downtown and give them a message that you are not going to knuckle under to a police state.

The people's representatives, you, the Congressmen of the United States and myself, we have a right to be able to work freely up here, without the intimidation of some badge-happy cop at the Justice Department, and that is what is happening, is that you are going to have to start asking, Mr. Chairman, and all of you gentlemen, you are going to have to start asking the Justice Department what it wants in legislation before you start voting, because it may get you on the wrong side of somebody. Is that what we want in this country?

Well, Mr. Chairman, I think I have pretty much had my say. I appreciate it. I would like to just say this. I think we have built ourselves a paper trap. I think we are in trouble here on Capitol Hill. I think the Department of Justice is rummaging around like a bull in a china closet. I think they are guilty of not being able to come up with the facts any better than somebody trying to find a zipper in a button factory.

They don't understand what they are looking for. I think they are glory hungry and they are doing it at our expense and I strongly urge this committee to have the courage to clean this thing up, to reconsider what you have done, to take control of the procedure of the EIGA reports so that the Justice Department doesn't have the Members of Congress under its thumb in something akin to a police state.

And if you can't do that, maybe you might want to consider the authority which Mr. Lewin cited that allows you to simply send this to the House of Representatives with no recommendation, or a recommendation that nothing happen, because, gentlemen, I haven't done anything wrong. We have handled our reports correctly, and if we get to a point where running for a term in Congress is tantamount to a term in jail, I think you are going to have a pretty hard time finding anybody to serve the public of this country.

Thank you very much.

The CHAIRMAN. Let the record show that the gentleman from Idaho, Mr. Hansen, has consumed 30 minutes. The Chair now recognizes Special Counsel for the balance of their time. You have 20 minutes not consumed.

REBUTTAL ARGUMENT BY MR. LOWELL

Mr. LOWELL. Thank you, Mr. Chairman, members of the committee, Congressman Hansen and Mr. Lewin. As much as we would like, we can't obviously respond to all that has been said in the last hour. Suffice to say at this point Special Counsel is satisfied that the record of the proceedings, all of the proceedings, the executive sessions, will show that Special Counsel's role has been to guide the committee fairly, to characterize Congressman Hansen's defenses thoroughly and to provide him every benefit that both the law and the precedents of the House have provided. Nevertheless, we are compelled to respond in at least a few ways to some of the procedural points, mostly addressed by Mr. Lewin, because they go and they strike at the very essence and fabric of fairness that you have been challenged to reconsider.

When you cut through it all, the last hour or so of the procedural points and charges and questions of motive, you are still left, members of the committee, with the following: That on at least four occasions Congressman Hansen failed to disclose assets and liabilities of him or his wife, and that there was abundant evidence in the record that there was sufficient motivation for those failures to disclose.

You are left with the fact that having asked the committee and the House twice for advisory opinions on whether he or his wife could solicit funds on his behalf he did so, and contrary to the opinions of the House Ethics Committee, did so in a way which resulted in at least one provable occasion of a commingling of those funds in direct contravention of advice which had been rendered.

You are left with the fact, as we sit here today on June 20, 1984, there is a $62,000 loan outstanding to Mr. Hunt. "Loan" is the term used by Mr. Hansen, and has been outstanding for a number of years. You are left with the fact that an already made $87,000 silver commodities transaction was provided the Hansen family virtually after it had been completed and the risk had been taken out.

You are left with the fact that the House precedents on what amounts to a gift, what amounts to conflict and appearance of conflict of interest, and try as they might to say to raise the stakes of this to allege that what we were trying to show were quid pro quos and gratuities, specifically our report does not include that.

To the contrary, what it includes, somebody with an interest in legislation is somebody who fits the definition of Nelson Bunker Hunt. Try as they might to persuade you to the contrary, the precedents of the House show that when you accept a $25,000 first loan payment with very favorable terms on the day that you go to the Pentagon on behalf of people, people in this country can reasonably question whether that is the proper thing to do.

Turning to the issue of the evidence and the subsequent evidence of the congressman's solicitation of the Ethics Committee, it is important to put this all in very specific perspective: What Congressman Hansen and his attorney may not understand is that we did not put the staff or Congressman Wiggins on the stand because their testimony really is not relevant to the proceedings.

What is relevant, however—and you must as we told you before make your own judgment about this—is whether or not Congressman Hansen and his side were injecting the House Ethics Committee into the defense of his case to justify the actions he took. And if it is your judgment that they did, then you must evaluate what the House Ethics Committee did in response.

The staff testimony, the statements by Mr. Wiggins either to me or to Mr. Lewin, were solicited by us for one purpose and one purpose only. It was to find out in complete fairness to Congressman Hansen whether or not documents we found in the records of the House Ethics Committee including a June 15 letter, yes, in draft form, but, no, completely unambiguous as to its conclusion that Mr. Hansen had to include the liabilities of his wife in his disclosure forms was actually sent.

Mr. Hansen and Mr. Lewis both have said on a number of occasions that this was a draft letter, never signed and never sent. I don't know if they actually mean to say that it was never sent, but clearly the testimony from all the people that we spoke to was that it was sent, and 6 years after the fact. If there is any question about that, you use what your common sense dictates.

And if in 30 days after that letter was sent there is, as we found, a memorandum to the file from a staff person who at the time had no reason to consider the possibility of a controversy 6 years later, which says quite precisely draft letter was sent on June 15, and we got a phone call back to argue the points of it, then you have to put that in perspective as well.

The evidence that they are now complaining about only was brought into this case because of what Special Counsel believes is the very clear implication from the defense side of the table that the House Ethics Committee has some culpability in this whole mess, that because they on May 9, 1978, wrote the House Ethics Committee and in one sentence said, "We have decided not to include Mrs. Hansen's liabilities, please confirm if that is the right thing to do," and then give what we consider to be a very clear implication that there was not a single response, oral or written, formal or informal, the fact that the record does indicate that there were responses must be considered by the committee, as you did at your last time for whatever weight it brings you.

Whatever the staff may say today, 6 years after the event, cannot deny the fact that those letters and correspondence, memos to the file and explanations exist at the time contemporaneous when the actions that we are trying to sort out and find out what they all mean, those correspondence, as we advised you at the meeting, cannot be overemphasized but yet they can't be underemphasized either.

They stand simply for the proposition that House staff and House members put Congressman Hansen's attorneys on notice at that time that their interpretation of financial disclosure rules was incorrect, and they expected a different course of conduct in the future.

We will never know for sure why that letter was not put in the final form, but we will know that the message was communciated at the time.

As to the other main point, which is the other rule violations which Special Counsel has concluded, a final word has to be said. Special Counsel, as you know, thought hard about whether when a trial is for a particular statute, how far the breadth of a preliminary inquiry must go.

We note again for the record that footnote 12 of our report defines the breadth we think in a way which is both usable and is fair to the committee. This is to say that in this particular case it was very much at issue as to whether Congressman Hansen had any motivation not to report those transactions which he admitted were not reported.

Prosecution and defense in the trial addressed those points. Indeed, many pages in the transcript deal not with financial disclosure but all the various transactions themselves, the relationship to the Virginia gentleman, the relationship to Nelson Bunker Hunt, et cetera.

It is on the basis of that having been debated, if you will, at trial that it is not unfair to raise those issues in a preliminary inquiry. The same as to the acceptance of what the committee deems to be a gift. If it weren't at trial, if it wasn't so fundamentally related to what the trial was about, Congressman Hansen's attorney might have a point that it was unfair surprise, or in one of his letters he quotes "trial by ambush" to bring those other violations up, but they themselves addressed it. They themselves offered the evidence at trial on many of these same issues, and then to use the Congressman's own words, the issue of fairness occurs.

Is it fair to the House of Representatives, to this committee, to the American public, to ignore such clear violations of advisory opinions, and such clear directions of the one thing that he is said to have solicited and relied on? Is it fair to ignore the facts of what Nelson Bunker Hunt and what he does on a daily basis on Capitol

Hill under the precedents of the House that say you don't have to solicit a piece of legislation. You just have to be actively engaged in the House's business.

Is it fair to ignore all of those related things which explain why Congressman Hansen would choose not to report those transactions he chose not to report? And as we asked you once before, the question still remains: Did Congressman Hansen choose not to put on his disclosure forms the things that he did not out of some sense of principle about EIGA, some sense of privacy for his wife's or his affairs, some type of general principle, or was he concerned with how it would look that he solicited, in Bunker Hunt's own words, money for his debts, and then got money in one way or another, that he got loans from the Virginia gentleman at the same time that he was actively engaged in a project of theirs. That is the question we posed to you before. It is the question that remains on the record. Difficult as it may be, we believe the record speaks for itself.

Let me conclude by saying Special Counsel has endeavored to be fair, but we have also endeavored to be thorough, and if we are guilty of zeal, it is zeal for just those two propositions, fairness and zealousness for the proposition of honesty in government, for trying to steer the committee through its difficult task, and making sure that the House rules written over time mean something. On that basis let the record speak for the fairness of our activities. Thank you very much.

The CHAIRMAN. The gentleman has consumed 10 additional minutes. All time has now expired on both sides. The Chair would at this time entertain questions from members of the committee to either Special Counsel or to counsel for the respondent or the respondent himself. Mr. Spence.

Mr. SPENCE. Mr. Chairman, if I might, I think, just to make the record clear, statements have been made by counsel on both sides relative to this committee, and I think it should be made clear that there were two committees involved in this whole thing over the years. Most of the information that passed back and forth with any contact had to do with the Select Committee on Ethics, chaired by former Congressman Richardson Preyer, and the opinions that were being issued during that period of time were those opinions issued by that committee and not this committee.

It should be made clear because there were too many statements about this committee and that committee, and it should be made clear there were two committees and that committee is no longer in existence.

Mr. LEWIN. Might I just make one reference in response to the Congressman's statement. The one thing, though, that should also be borne in mind is that the key letter that Congressman Hansen sent in May of 1978 was addressed to Congressman Preyer, but had copies to the ranking member and the chairman of this committee, so that he presented that issue at the time both to the Select Committee on Ethics and to this committee as well, and of course, the subsequent discussions of various ones were with Mr. Swanner on behalf of this committee, so it is not as if it was only presented to the Select Committee on Ethics.

The CHAIRMAN. Mr. Brown.

Mr. **Brown**. Thank you, Mr. Chairman. I would like to address an inquiry to the respondent or his attorney. Certainly you should feel no compulsion to answer this, but I guess I am wondering at this point if you have any doubt in your minds that the committee feels you should file a disclosure form that includes the transactions involving Mrs. Hansen. Is there any question that this committee feels you should do that?

Mr. **Lewin**. With regard to the present filings, if what you are referring to, Congressman, are the filings for this year and last year, when the Congressman has advised the committee that because of the pendency of these various actions he is not in a position to file with regard to that I certainly do have a question in the sense that I would think, given the position that he has taken in the litigation, that at the time he was certainly advised, and was advised by counsel, that he was not under responsibility to file Mrs. Hansen's liabilities, that he could not file today without that being used against him in some way, if this case ever went to a retrial. So I do think that there is a substantial problem in terms of his filing today with regard to those liabilities.

If your question is whether there is some legal inhibition, I think there is legal inhibition. If your question is as to whether the committee's view is that those liabilities are covered, there has not been any formal statement, but I can only assume from the fact that the committee has voted as it has on the Special Counsel's report that there appears to be some consensus on the committee that probably as to a legal judgment, Mr. Runft's judgment that it ought not to be, it need not be reported is erroneous.

I can assume that, but as I say, there is a problem with his actually filing anything today, and I think he would present a problem for himself if he did file.

Mr. **Brown**. I guess with regard to the prior years, because I understand the matters with regard to 1982 and 1983 are being handled separately through a communication from the ranking member and the chairman. But with regard to the prior years that we are approaching here, if it is clear—and at least I think the committee has done what it can to make it clear—that the transactions of Mrs. Hansen should be filed, or disclosed, I guess my question is will complete filings, will that information be filed? Are you willing to follow up and provide that filing as the committee has made clear is required?

Mr. **George Hansen**. I have never had any compunction about filing any way the committee wanted, Mr. Brown. My problem is that I thought I was doing that, and when we filed the way we did, it was because we felt that we had an arrangement with the committee that was compatible with the committee's wishes, and so that is the way we filed.

Now, if the committee wants to shift gears 5 years later and say go back and redo it, I suppose we can do what we can to comply.

After we get our litigation out of the way, because right now if we do some of these things it could complicate our problem in winning our case in court. We feel we are going to win that case in court, but I don't think that it is fair for the committee or anyone else to jeopardize us in court with the request that we do a certain thing in a certain timeframe.

As far as the 2 years that I received a letter from Mr. Stokes and Mr. Spence on yesterday about the two recent years of filings, I have notified the committee, and I think Mr. Stokes and Mr. Spence know that I have notified the committee what my legal situation was, and what I had to do under those circumstances.

I have also left a paper trail a foot high of trying to keep the committee informed as to what is going on, so they wouldn't think that we were hiding in a closet and not being responsive. And so I am willing to do anything reasonable to comply with the committee's wishes on full disclosure. Full disclosure has never been my problem. I might even remind you that it was I who brought the material to the attention of the Justice Department in the first place. I went over and exposed a blackmail attempt.

They gave the blackmailer a suspended $2,000 fine, a suspended jail sentence and suspended community service proposition. Now, the blackmailer gets that kind of a thing after stealing $220,000 and blackmailing for $440,000. I have an argument over a Government form; they want to actually send me to jail and fined me $40,000 downtown, and you people are considering similar action.

Now, you know this is just absolutely preposterous. I will do what the committee needs and feels they need consistent with the rules and whatever, but I think you have to recognize that we are somewhat handicapped because of our legal situation.

Mr. **Brown**. Let me just put a definition on it, a clear definition on it, if we could. I think you can appreciate the fact that in weighing what is appropriate here, the committee has heard your concerns that there was some question about whether a filing was required.

I am suggesting that that certainly has to be resolved at this point, that it has to be very clear that the committee feels you should file completely, and I guess my question is, knowing that, are you prepared to say you will file, and when will you file?

Mr. **George Hansen**. Mr. Brown, I don't think it was even that tenuous as you say. I felt that it was very clearly evident that I should not file my wife's or I would have filed them. I had no problem, as I have stipulated, and this business about trying to make it sound like I didn't dare file—my gosh, I went to the Justice Department and reported the Bunker Hunt thing.

I went to Jack Anderson and told him about it because the Justice Department was dragging their feet. I have never been afraid of Bunker Hunt. It may be a problem in Newark, NJ, or something, but he is no problem in Idaho. And this is a bunch of poppycock about whether somebody is a political liability for you to report or not.

And as far as disclosure, certainly I will, but I think I have answered you in that as soon as legal counsel says I am not impairing the case, I will be very pleased to sit down with committee counsel and work out whatever is full disclosure to your satisfaction, absolutely.

Mr. **Brown**. Obviously you have made your statement. I don't mean to press you beyond that, but I can tell you in our conversations the fact that you are willing to complete the disclosure makes a difference. If I understand your statement, you are indicating that you are not willing to do that at this point, and can't give us a time when you will.

Mr. **George Hansen**. Well, would it be fair if I came and told you that I would absolve you from a bankruptcy suit today if you would just jump off the cliff? That is what you are asking me to do is legally jump off the cliff. Mr. Brown, it is not a problem of doing it, it is a problem of doing it under the circumstances; and I don't know what I have to do to impress some of you who don't have the guillotine hanging over your head that I have a problem besides you.

Mr. **Lewin**. Let me get some clarification, though, from the Congressman. Are you asking, Congressman, whether Congressman Hansen would be prepared to file amended forms for 1979, 1980, and 1981, listing the liabilities that were discussed in the case? Is that the question?

Mr. **Brown**. The requirement under the disclosure Act, which I understood would involve assets and liabilities and perhaps transactions.

Mr. **George Hansen**. Mr. Brown, if you are asking specifically would I amend my forms because the committee feels that somehow there was a misunderstanding before and that we should to it, if I would amend my forms and put the loan to the Dallas bank and the other matters that are under litigation, put them on the forms, it has been so fully disclosed that it would be the easiest thing in the world for me to do, if that is what you are talking about.

Mr. **Brown**. That is precisely what I am talking about, and I am wondering if you will do that, and, if you will, when you will get those revised forms in.

Mr. **George Hansen**. I could send that to you today if that is what the problem is, because the newspapers have had it. Why don't you?

Mr. **Brown**. Thank you.

The **Chairman**. Mr. Hansen, you made a comment a few moments ago that you have left a paper trail a mile long keeping this committee informed. Is that your statement?

Mr. **George Hansen**. During the last 2 years, year and a half, when we are talking about reporting for 198[illegible] and 1984, I did send you material, material and material, Mr. Chairman, to let you know, No. 1, that we weren't able to file, and No. 2 to keep you informed as to what the process was, so that you could have some idea when we could file.

The **Chairman**. Can you tell us specifically what you sent to us, what written documents you sent to us?

Mr. **George Hansen**. I can send them to you because I have a stack that high in my office of material that I have sent to you, which includes cover letters and then all sorts of court documents; appeals procedure went on for a long period of time.

Finally, when it was obvious that you were into it and getting information, then I ceased to send you the volumes, but I still tried to keep you informed at every juncture, yes, sir.

The **Chairman**. Then you can provide the committee with copies of these documents which you say fall in the category of being paper a mile long?

Mr. GEORGE HANSEN. Yes, indeed.

The CHAIRMAN. Second, with reference to Mr. McKenna, are you aware of the fact that on several occasions Mr. Swanner did request of Mr. McKenna copies of the separation agreement and that such a separation agreement has never been provided to the committee through Mr. Swanner?

Mr. GEORGE HANSEN. I am aware that Mr. Swanner asked for the separation agreement on several occasions, and I also am aware that Mr. McKenna talked to Mr. Swanner, and that it was my understanding, and maybe I was too far removed, it was my understanding that Mr. Swanner was apprised of why the separation agreement, because of my wife's part of the thing, that she had her right to privacy and there were some very intimate things as far as the family is concerned in it, why we were not providing the document, which we also did not provide to the prosecutors until we got into the court, but it was for no other reason, and my attorney, Mr. Runft, discussed it at length with Mr. Terry and my counsel one time or another stated exactly what was in it.

In fact, it was almost verbatim written in the press from time to time because Mr. Runft told them time and again what was there, and I have press clippings that you couldn't put in a volume as big as this table, Mr. Chairman, about what has been said publicly about that document and my filings.

Mr. MYERS. Mr. Chairman, a question of clarification.

Your question asked for a separation agreement. Is that the same as a property settlement agreement? Is that the same document you are referring to?

The CHAIRMAN. Yes.

Mr. GEORGE HANSEN. Financial separation agreement, not my wife and I.

Mr. MYERS. I thought there was something new being injected here.

Mr. GEORGE HANSEN. I feel one thing in Washington, if she and I had been divorced, we would have been a lot better off as far as this kind of thing is concerned.

Mr. LEWIN. Mr. Chairman, might I also say one additional thing with regard to that property settlement agreement?

The correspondence that is attached to the Special Counsel's report, which indicates the internal memoranda as well that the committee was interested in, the questions that the committee was interested in back in 1978 disclose that at that time there was no interest and no request for any further details regarding the property settlement agreement. In fact, exhibit 1 says that a committee staff member says, "I was reasonably familiar with your property division with your wife," this is a letter to the Congressman.

Apparently there was no interest specifically in the details of that property settlement agreement.

Now, if there was a subsequent request for the text itself, I am not sure how that bore on the issue if there was subsequent request for the text. Mr. Runft did testify that it was his view that the contents of various things in that property settlement were private, and consequently he did not think it ought to be disclosed, but there is no indication that that was relevant to any decision that the committee was making in 1978.

They asked for information. They talked with the Congressman. They never said we want to know what else the property settlement agreement says.

Mr. GEORGE HANSEN. I never had a letter, Mr. Chairman, officially on it.

The CHAIRMAN. I think, Mr. Lewin, the assertion has been made that the committee was kept informed through Mr. McKenna's conversations with Mr. Swanner, the staff director for this committee, and I would think that if in fact those conversations did take place, and obviously they did, and part of those discussions was a request on behalf of Mr. Swanner to have the committee provided with the separation agreement, then that becomes an issue. Of course, as I understand it from the respondent, the request was in fact made by Mr. Swanner, and the request was denied by the respondent, for whatever reasons.

Mr. LEWIN. The property settlement agreement, the text of the property settlement agreement was not provided. Of course, the committee had full knowledge, I think, of the fact that there was a property settlement agreement and if there is some question or there was some question about what the consequence——

The CHAIRMAN. That is not the point. The point is that there was a request made and the request was denied.

Mr. LEWIN. Never a formal request, Mr. Chairman.

The CHAIRMAN. The Chair recognizes Mr. Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman. I want to direct a question to committee counsel.

In your recommendations you make a recommendation for a reprimand plus a fine, a $10,000 fine. Under Rule 17 dealing with a fine, a recommendation of a fine is appropriate "in a case in which it is likely that the violation was committed to secure a financial benefit."

Now, if I understand the situation correctly, Mr. Hansen was convicted of a violation of 18 U.S.C. 1001, making a false statement in violation of that code section.

Is there any evidence that that violation had anything to do with securing a financial benefit, a specific violation which would give rise to the fine? I don't understand that recommendation.

Mr. BRAND. In at least one instance, Congressman, and several others we think, and as I related in my presentation, the violation of Advisory Opinions 4 and 11 permitted the Congressman to convert in effect moneys for personal use through the direct mail solicitation, because some of that money found its way into a joint account which Mr. Hansen stipulated at trial he was given access to and checks on which account he had written.

Mr. JENKINS. But how did the violation of the 1001 have anything to do with securing a financial benefit?

Mr. BRAND. Well, the violation spoken of here is a violation of the House Rule, and that is the construction which we are in in Rule 17 as I read it, not limited to what is provided for under Rule 14 as a triggering mechanism, but what is provided for under Rule 17 as to a violation of House Rule or standard of conduct applicable to Members. That is at least my reading of rule 17.

Mr. JENKINS. It appears to me that the intent, and I being a relatively new member of the committee, but it appears to me that under this particular rule 17, in discussing a fine, a recommendation of a fine, "is appropriate in a case in which it is likely that the violation was committed to secure a financial benefit."

It would appear to me that if a violation of the rules was committeed in order to obtain a financial benefit by the member or the employee, whichever case it is, that it would have to be something more than a violation of simply making a false statement.

Mr. Brand. As I said, and maybe I haven't said it clearly, it is more than that. It was a violation of House advisory opinions and committee rules, at least in our view, and the rule on its face speaks only of violation.

Mr. Jenkins. Thank you, Mr. Chairman.

The Chairman. Mr. Bliley.

Mr. Bliley. Thank you, Mr. Chairman.

I have a couple of questions for Congressman Hansen or his attorney.

In reading the report of the Special Counsel, I am curious about what happened to the difference between the debt for the soybean transaction and the total amount of the loan. I believe it was about $15,000 more, the loan was, than the actual amount of the debt.

In this report it seemed to indicate that this money was put into a joint account and that it was used by you, Mr. Congressman. Is that true?

Mr. George Hansen. Mr. Bliley, I think 6 years is a long time, but from reconstruction of the records, what it appears is that my wife came back with a $50,000 check, which was put into a Virginia bank, and that a sum of money was withdrawn at the time of deposit, and I don't know, we didn't follow through; it didn't get that far in trial to find out what the money was used for. I couldn't tell you.

It could have been used for any type of family debt or whatever. I can tell you, we haven't bought anything like snowmobiles or campers or anything, so it had to be for a debt. I can't tell you exactly how it went.

I can tell you I was the errand boy. I took the check in and deposited it so my signature is on the back along with hers, and I did the chore of pulling the money out.

Now, I can't tell you beyond that exactly what happened, but I can tell you that whatever happened, my wife being a rather strong-willed woman, I think, like maybe some of you live with, well, it would have only been done, whatever happened would have only been done with her approval and request, so other than that, I would have to research it, if you want to go into it further than that.

Mr. Bliley. The second is along the same line. What happened to the $87,000 profit from the silver transaction that records also apparently show went into a joint account, and the report further states that this money was used by you, or at least some of it.

Mr. George Hansen. That is not true, Mr. Bliley. I think what the court record shows is this:

First, I helped my wife with the transaction. We didn't get totally divorced with this thing. I do a few chores for her, but the money used to service that transaction came out of her sole account, and then when the money came back in, it came into a bank in which we had a joint account, and so the money was immediately just deposited in that account and money given back to her accountant who replaced the money where he got it, you know, on the individual account, but the point that I get is that I think the only thing that was established in court, and I can't tell you beyond that because I haven't looked, is that the money went from one joint account to another joint account, but she didn't lose constructive control of the money, so I can't tell you beyond that.

Mr. BLILEY. Special Counsel, is that your recollection?

Mr. LOWELL. It is clear in my recollection, Congressman Bliley, in our recollection, I am sorry, that the Congressman has the statement he cannot reconstruct where the $16,000 surplus of the Dallas loan and the soybean transaction is untraceable. That is where, for example, we make the point in the record that an accounting of these funds is impossible to keep, an assertion which Mr. Lewin strenuously objects to, I might add parenthetically, but I would like you to direct this question perhaps back to Mr. Hansen because he did say something now which I think does shed some light on your line of inquiry.

Mr. Hansen, I understand, just said that the $16,000, whatever she did with it, it went to family debt, and also it is his assertion that it is Mrs. Hansen's loan. It is my understanding of the property settlement agreement that political debts were transferred to Mrs. Hansen. That was the $372,000 amount, and that Mr. Hansen was supposed to take on the family debts.

Mr. Hansen is saying that funds went for family debts, that Mrs. Hansen acquired, then he is indeed sustantiating precisely the point that Special Counsel's report makes.

Mr. GEORGE HANSEN. May I respond to that, Mr. Bliley?

I think this is typical of the nitpicking that counsel has been doing. I make a general statement of family debt, and my wife and I and our children, one way or the other, we are still saddled with that debt, political or otherwise, and so when I said family debt, I just used the term generally.

If he wants to get down into legal specifics, I guess I can. I apologize if I used the term too generally, but I hate to get hung on technicalities like that and that is what has been going on.

Mr. BLILEY. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Hansen of Utah.

Mr. JAMES HANSEN. Thank you, Mr. Chairman. I would like to direct a question to Special Counsel if I may.

In this exchange that you became involved in, also in your response, also Congressman Hansen, in his response regarding this memorandum, apparently someone on staff in Ethics is determined to write a memo to the file where they stated that they had responded, and that apparently prompted a response from someone on Congressman Hansen's staff, a telephone response.

Am I stating that correctly?

Mr. LOWELL. The order of inquiry, Congressman Hansen, the order of the procedure is somewhat different if I can reconstruct it at least in terms of what we assert is the sequence. The sequence was as follows:

According to the papers which exist, and I want to emphasize that just because again 6 years after the fact Congressman Hansen will put a blush on it and somebody else will put another blush on it, but this is what the papers show.

On May 9, 1979, Congressman Hansen wrote the House Ethics Committee. In that letter—among other things, he asked for confirmation of the way he was reporting his wife's transactions.

In addition, that letter was a criticism of the House Ethics staff, for that staff having talked to press about Congressman Hansen's situation.

On May 12, the staff member who was involved as speaking to the reporter, wrote a letter of apology back to Congressman Hansen explaining why he was misinterpreted by the press and also reestablishing what his view of the law was.

Somewhat later, on May 17, I believe, and you have the exhibits part of the report, staff wrote a memorandum to both Congressman Preyer and to Congressman Wiggins, setting out the fact that Congressman Hansen had asked for a memorandum opinion or asked for advice, and going through a recitation of what the law required.

It is not ambiguous what that memorandum concludes.

The memorandum written about a week after the inquiry from Congressman Hansen concludes that his interpretation was incorrect for two principal reasons.

The first was the rule under which his counsel was asserting was an old rule which only went to assets and not liabilities, and the second reason was the old rule had been superseded by a new rule which had a different test.

Then, and the most part of what you are saying, on June 15, Congressman Preyer and Congressman Wiggins sent a cover letter over a draft response to Congressman Hansen.

The draft response included the substance of the staff memorandum. That letter apparently was sent to Congressman Hansen.

It was after that June 15 letter that Mr. Runft called or visited or both in some period of time the staff to debate with them what the draft said.

Mr. James Hansen. He did contact the staff and they did have a verbal exchange over the contents of that memorandum, is that a correct statement?

Mr. Lowell. Yes. In fairness to Mr. Runft, I want to point out Mr. Runft says he has no memory of ever receiving or seeing a draft letter, but he does clearly remember being communicated with in one way or another the substance of the staff's first view. He then says, "I got in touch with the staff to debate,"—I am using the word debate in its broadest form, but to at least discuss what I thought was their misunderstandings of Congressman Hansen's situation, and that all occurs in the period of time between June 15 and the beginning of August.

Mr. James Hansen. Is there a question in your mind that Mr. Runft had to have the information in that draft in order to call staff and discuss it?

Mr. Lowell. Not at all. It is my clear belief, as we sit here 6 years after the event, that that letter was sent, that it was received by Congressman Hansen, and that, if not the letter itself, at least its substance was communicated to his staff and his attorneys.

It is the only way to explain how Mr. Runft would be able to call the committee and articulate his opposition to the points of the letter. How else would he do that if he did not have the letter or the substance of it?

Mr. JAMES HANSEN. May I just quickly go over another thing?

I have been going through and reading all of these things. There is a question in my mind, and Congressman Hansen raised it again in his presentation, and that runs to the idea of the defense of advice from counsel.

In this particular instance, what was the explicit advice that Mr. Runft gave Mr. Hansen?

If I have read this right, and I surely stand to be corrected by either side on this thing, one of those things is that the Ethics Committee would be advised of all transactions. Is that a correct statement? Am I wrong there?

Mr. LOWELL. That is correct. On both occasions you have to do separate times, Mr. Congressman. He asked Mr. Runft's advice in May 1978 after the property settlement agreement was first put into effect the year before, and at that time EIGA had not yet been passed, so the only applicable law was the House rules.

The advice that Mr. Runft gave at that point was, I don't think you have to report it, but you must keep the committee totally advised.

Mr. JAMES HANSEN. That would be every financial transaction that the Congressman would get involved in?

Mr. LOWELL. It is open to interpretation what he meant by kept advised, but it was that you should keep the committee advised and make sure that everything happens, I believe his phrase was, "totally aboveboard" was the phrase.

Now, at that point of the advice, the transactions which had occurred were the Hansen soybean transactions, the ultimate loss of that transaction, the first loan of the Dallas bank, and perhaps one of the extensions, but at the time of the advice, that is what had occurred.

The silver transaction and the other loans had occurred after the May 1978 advice. EIGA was then passed, and it became effective, and Mr. Hansen's testimony—I am sorry, his defense—is that he went back to Mr. Runft for new advice under EIGA and Mr. Runft gave two points of advice.

I don't think EIGA changes anything. You still don't have to report Mrs. Hansen's, but you must tell the committee about what we have decided because it is a new act. There are no interpretations. My advice could be wrong.

Mr. JAMES HANSEN. Thank you.

Mr. Chairman, in fairness, may I ask Mr. Hansen or his counsel to respond to either one of those points?

The CHAIRMAN. Certainly.

Mr. LEWIN. Let me respond first to the second question because that is freshest in mind. The specific testimony of Mr. Runft regarding the advice he gave appears, we had reproduced it at pages 52 and 53 of this briefing book that we had given the committee earlier. He said in 1978: my opinion was that under those particular conditions that the fact that Mrs. Hansen pursued her own separate right, paid her own separate debts, was not an item that needed to be reported by Congressman Hansen in his report required under the ethics rule.

Furthermore, and always under this advice, my opinion was that the committee had the authority and the duty to review these reports with knowledge and advise Congressman Hansen if he was wrong in any way.

Mr. Hansen, in my opinion, had a right to rely on this. That is what he said in 1978. Put that in the context now of the correspondence that has been found. In 1978, he says that, Congressman Hansen then does not report these items on the 1978 report.

The papers in Idaho say he has failed to report his wife's liabilities. He then writes a letter because he has relied on Mr. Runft. He writes a letter which Mr. Runft testifies he helped draft to the committee saying: "Look, confirm the fact that my report is correct."

At that point the committee initially says, well, maybe. Maybe it is not correct, but the key thing is that what they rely on, the draft opinion relies on and it appears in the third paragraph of that draft letter is:

> We have no indication that the affected creditors released you from your personal liability to them at the time of the transfer.
>
> Accordingly, it is probable that you remain in some way ultimately liable for the debts originally incurred by you.

There was a very specific reason why, and this is Congressman Wiggins' theory, because that is what the earlier memoranda indicate, Congressman Wiggins' view was he may still be liable on those debts, and therefore we are writing him a letter saying since he may still be liable on those debts, he can't say they are his wife's debts.

At that point, the substance of that information is known to Mr. Runft. Mr. Runft told Mr. Lowell, as he told me. He doesn't recall seeing any draft letter, but he recalled a conversation with Mr. Terry. Mr. Terry appeared to be reading or doing something which was quite detailed. That was his recollection and I submit to you that what happened is Mr. Terry said to Mr. Runft: "Look, so long as your client is still liable on those debts, he still probably has to report them."

The memorandum that appears in the file as exhibit 5 says that Mr. Runft told Mr. Terry:

> Well, now look, before they entered the property settlement agreement, Congressman Hansen and his wife frequently went to many of these creditors and told them they are going to do it, and the creditors agreed.

And it was in the press as well, as the Congressman reminded me. So the fact is, I submit to you the natural inference is that the attorney told the staff;

> Your premise which your entire opinion is based on, which is that he was still personally liable on those debts to those creditors is wrong. The creditors agreed that only Mrs. Hansen was liable.

That certainly applies to the $50,000 obligation. This relates back to Mr. Bliley's question.

The $50,000 obligation, don't forget, was incurred before the property settlement agreement. The excess was spent before the property settlement agreement. It was an obligation that was incurred only by Mrs. Hansen. It was a loan to Mrs. Hansen, only she signed on it. The Congressman was never liable on that note, except to the extent that the Idaho community property laws may have made him liable by operation of law, but otherwise it was totally hers.

The property settlement agreement said it was hers, so with regard to that particular loan it was all hers, and with regard to that, the premise of the proposed draft letter was totally destroyed by what Mr. Runft had told Mr. Terry, and what the documents indicate, which is why it appears to me again that if we had the opportunity to address these documents in a submission before the committee, I think frankly this is evidence which I am considering, and I don't know whether I will. I am going to follow it up, but I think this is evidence which I may use in a motion for a new trial with the court because we didn't have access to it and it indicates, if anything, that the Congressman was having discussions with the committee about the very theory on which the committee was saying you have to report it.

His attorney talked to the committee and persuaded the committee that they were wrong, so they didn't send the letter, and the memo which appears as exhibit 5 states specifically that point, that the attorney told the committee that Mr. Hansen didn't specifically ask anyone to be personally released, but nonetheless they knew about it from the various conversations, so the inference that I would draw from this correspondence is that the attorney talked to the staff, and persuaded them, or at least had the Congressman, whether it was Congressman Preyer, or Congressman Wiggins, or both, persuaded that he was right in terms of his interpretation of what could or what should or should not be reported in 1978.

Then along comes 1979 and in 1979 this committee becomes vested with the authority under the statute to tell a Member of Congress whether his report is complete. That is under section 105(a), to determine whether the reports are filed in a timely manner, are complete, and are in proper form.

If the committee knows about the property settlement agreement as it apparently does from this correspondence, if it knows whatever theories the staff has prior to that, when the 1979 report is filed, without any indication of Mrs. Hansen's liabilities, the committee then, without any request for an advisory opinion, the committee has an obligation on the basis of the information that is in the file to say to Congressman Hansen, your report isn't complete. You don't have your wife's liabilities.

We have all this stuff in the file. We think your wife's liabilities have to be in there.

They never did that, and I think it is on that basis that that entire history has to be looked at.

Mr. GEORGE HANSEN. May I add one sentence to the statement there?

Just on the letter attached to the special report, in item 3 it talks about Mr. Runft's notes or his entries about his telephone log and so forth, and there he notes that telephone conference with George regarding proposed House Ethics Committee ruling.

It is my recollection that I was contacted by Mr. Terry, who came around frequently, and he said something to the effect that we have a ruling. I am not sure it is going to be helpful to you—

something to this effect, but I probably should talk it over with your attorney.

I said I will have him call you or something to the effect, and so one of them got in touch with the other one, and Mr. Runft refreshed my memory that he said I don't recall seeing it, but I know he was talking from some detail in front of him, and then his telephone note states regarding a rough draft of the opinion, so apparently he knew during the conversation there was a rough draft that existed because it is right in his notes, but there is nothing to suggest that I sent any rough draft to him in the first part of the notes, and his notes are pretty accurate generally, so I think that what we are talking about is the fact that Mr. Terry—and we are not saying there wasn't a rough draft, but that it didn't necessarily get mailed to me.

That wasn't the process, but Mr. Runft was aware there was a rough draft that is right here.

Mr. JAMES HANSEN. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Lewin, let me ask you something.

Did Mr. Runft testify at Mr. Hansen's criminal trial?

Mr. LEWIN. Yes, sir.

The CHAIRMAN. And in the course of his testimony before the jury did he testify with reference to the conversations he had had with the staff?

Mr. LEWIN. I think he did not testify to conversations he had with the staff. Nobody asked him, and I think if he had been asked then I suppose there might very well have been an objection either on speech or debate grounds, but certainly nobody asked him about conversations with the staff. I don't know whether he recalled at the time that he had conversations with the staff.

After this correspondence came out, I called Mr. Runft and I said, well, what about conversations with the staff. He said: let me check with my diary and my billing notes, and he checked back on that and that indicated that he had had conversations in June with Mr. Terry.

The CHAIRMAN. Who was Mr. Runft called by, prosecution or defense?

Mr. LEWIN. Defense. He was a defense witness.

The CHAIRMAN. He was your witness?

Mr. LEWIN. He was our witness, absolutely.

The CHAIRMAN. Thank you.

Mr. LOWELL. Mr. Chairman, if I might further clarify the record, I wanted to do two points. One was to try to put everything in focus of the second phase of the disciplinary hearing which may be all this goes to in the way of mitigation, but, having said this, I think it is important to clarify. I know Mr. Lewin is a very skilled attorney, one of the better ones I know. I know he can come up with a legal factual explanation, but let's be blunt. To accept Mr. Lewin's explanation of what was in Mr. Terry's mind after this letter occurred, in conversation, there is one basic premise.

Congressman Hansen's view and Mr. Runft's argument is based on the concept of constructive control. To accept that Mr. Terry or anybody on the staff would have changed their mind as to what exists in a draft letter on the basis of the point that it wasn't really his debts and they weren't really released would have to assume that even though in March of 1977 the House changed the rules so that constructive control was no longer the operable test, but the transaction was whether or not the Member derived benefit from the spouse's transactions, and then in December when the House Ethics Committee opined quite specifically that Advisory Opinion 12 had the superseding effect, to accept Mr. Lewin's premise that Mr. Runft was able to persuade the staff that they were erroneous must also accept the following.

That, even though those two changes occurred, and it was opined and it was sent to the Members, in May of 1978, 6 months after the Advisory Opinion, staff was still debating with the Congressman's attorneys on the issue of constructive control.

Mr. LEWIN. May I make one point on this?

I am sorry. The main question here is whether Congressman Hansen should be disciplined. The issue was what was in his mind and what his attorney would have told him at the time. If his attorney told him at the time, look, they mistakenly assumed that you were still liable on these debts, and I persuaded them otherwise, is he supposed to second-guess that?

That is really what the atttorney has said to Mr. Lowell and to me. That he talked to Mr. Terry and that he satisfied Mr. Terry that Mr. Terry was wrong. Now, if that is what he communicated to the Congressman, it is extraordinary to say that on that basis the Congressman did something wrong when the letter never came.

The CHAIRMAN. Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

It seems to me that his committee has to make some decision on the direction or instruction that Congressman Hansen received from this committee in the past, and I am worried about a number of voids that are very glaring in the testimony we have heard and read.

Where should that burden of proof rest?

Mr. LOWELL. The burden of proof clearly rests on the committee itself to show that a Member violates rules.

Remember, however, that there are some nuance differences between this and a criminal proceeding, a significant one being that you need not find a fact beyond a reasonable doubt, but you must find a fact has been established by clear and convincing evidence which, if you can measure the nuances below that of a reasonable doubt.

Mr. MYERS. I think we have to go to this alleged memorandum of which there was one, but whether the Congressman and his attorneys ever saw it is still in question. In fact, there was a draft, and even a draft letter sent in June of 1978 to Mr. Hansen by the Chairman and ranking member, there seems to be a question whether that was ever received.

Why was it only a draft form and what transpired after the draft form?

Mr. LOWELL. To answer your question, Mr. Myers, I don't think anybody knows why—well, I don't know why it was never formalized. The committee heard at its last session, as you know, that the practice of the staff of Ethics and the Standards Committee is very often sending a Member a draft giving the Member the advice and seeing what the Member chooses to do as part of the House collegial relationship with those Members, but I want to put this in very precise perspective.

It is Special Counsel's view that the House, the committee, could act had there been no evidence of a June 15 response, had there been no evidence of a subsequent phone conversation, because you have to remember the sequence, and that is why I keep saying that you can't put too much emphasis on this one piece of correspondence.

In May 1978, when EIGA was not the law, but the House rule had just been changed the year before, Congressman Hansen solicited advice from the committee. He may or may not have personally received the response according to what he is saying now, but something was sent and his lawyer got the substance of it.

In judging Congressman Hansen's defense of advice of counsel, and looking at the three prongs of whether he sought the advice in good faith, he told his lawyers everything they needed to know, and they followed the advice in good faith; this is one piece. It is not the whole puzzle, because you must also put into perspective the fact that after this transaction between staff and Mr. Hansen occurred in May 1978, a number of things occurred.

The first thing that occurred is that you passed EIGA, which made it very clear what the standard of spouse was, and the second third, fourth, and fifth things that happened was that Mr. Hansen engaged in the rest of the transactions which he came under criticism and then indictment for at his trial.

The $87,000 was afterward. The $135,000 was afterward. The extension on the Dallas bank loan was afterwards. Those are events which occurred after the exchange of counsel in May of 1978, so, however you look at May 1978, you must also look at the subsequent events.

When you look at the subsequent events, should any of those events made Congressman Hansen do anything that he did not do, and they reflect on the three-pronged test, in 1979, 1980, and in 1981, did Congressman Hansen seek advice in good faith?

Did he tell his lawyers about those transactions or all the things that they would need to know to give the advice, and did he follow the advice that he was given, so the June 15 response is just one small part?

Mr. **Myers**. Relative to whether he followed his attorney's advice, how much information he gave his lawyer, we are talking about Mr. Hansen now, there is evidence that the attorney went beyond the relationship between client/attorney. He went to the staff of this committee to verify or to get more advice, did he not?

Mr. **Lowell**. He went back in May, I am sorry, perhaps—May, June, or July of 1978, to argue with the staff that their interpretation——

Mr. **Myers**. He. Now, who is he?

Mr. **Lowell**. Mr. Runft. That their interpretation of the then existing Rule XLIV was wrong.

Mr. **Myers**. So he didn't rely completely, he—now I am saying his attorney, Mr. Runft, when he gave the advice to Mr. Hansen, didn't really rely completely on the information Mr. Hansen provided. He went beyond that, came to the committee itself, is that correct?

Mr. **Lowell**. I don't know if one follows the other, Congressman. I know that he got whatever he got from the Congressman and then he also got whatever he got from the committee and then he came to argue the point. That is the case as it exists in the summer of 1978.

It is interesting, as well, that with the passage of EIGA, and the subsequent events, that was the last time Congressman Hansen or his attorneys asked any question in writing, orally or anywise to either the Ethics Committee or the Standards Committee about financial disclosure requirements.

Mr. **Myers**. Now, the questionable draft memorandum and the questionable letter that was allegedly sent to Mr. Hansen, did Special Counsel examine the records of this committee to see if they could verify whether that actually was mailed?

Mr. **Lowell**. Yes, sir. I guess there is a very important point because again it is Congressman Hansen and his attorneys' view that there has been a lot of outside of the record evidence that was not at trial.

We did, when we received the House Ethics Committee file, and discovered these documents, do what was obvious to do, to the best of our ability 6 years later—find out what was the circumstances that these letters were drawn and were they sent.

To do that, we spoke to anybody who had information, which included the two staff people who would have been representing Congressman Preyer and the staff person for this committee and Congressman Wiggins, and Congressman Wiggins himself, and we have concluded to our very best satisfaction that the draft was sent to Congressman Hansen and that the events which took place after that only confirmed that that had to be the case.

Whether it was not Congressman Hansen or Mrs. Hansen or Mr. Runft or Mr. McKenna, somebody in Mr. Hansen's repertoire must have received the essence of that June 15 letter in order for Mr. Runft to be able to call and argue the point thereafter.

Mr. **Myers**. Did Special Counsel find that the committee took any action after that discussion about that proposed memorandum and letter?

Mr. **Lowell**. As far as we can tell, the Ethics Committee took no action, and the Standards Committee was still devoid of jurisdiction.

Mr. **Myers**. Thank you.

Mr. **Lewin**. Mr. Chairman, might I also just address two of the points that have been raised in the colloquy?

Mr. Lowell referred to the three prongs of the advice of counsel defense.

The fact of the matter is that both counsel testified at the trial and are prepared to testify today, that they were advised of all material facts; that in fact their advice was followed, and the only reasons why Special Counsel says that their testimony ought not to be accepted appears at page 42 of his report.

"That the testimony is too self-serving to be adopted on its face," whatever that means. Any attorney who then testifies, it ends up being too self-serving.

Second, "there is evidence, assertions about correspondence with the committee which raised questions about the credibility of those witnesses."

That is an extreme allegation to make about members of the bar, and I submit it is totally unsubstantiated about correspondence with the committee. The underlinings that are attempted in Mr. Runft's and Mr. McKenna's testimony are in no way contradicted by the material that has been produced from the file, so that it appears that there is no basis really for not accepting the fact that the attorneys say we were told everything that we had to know, and we gave the advice based on everything that we then considered, and consider today to be relevant.

You also asked, Congressman Myers, and Mr. Lowell addressed the question of whether there was any further inquiry after 1978. There was no reason for there to be any further inquiry by Congressman Hansen. All the facts for a judgment, a separate property agreement or property settlement agreement were in the hands of the Ethics Committee and ultimately of this committee.

Any further inquiry that they wanted to make they could have made in future years, and it was their burden, it appears to me, under the statute, to say we have to have some further information to know whether your reports are complete.

The **Chairman**. Does any other Member of the committee seek recognition?

Mr. **Brown**. Mr. Chairman, I know we are short on time and I would follow up very quickly with counsel if I could.

Directing you to page 2 of your recommendations, you have a paragraph that says, "In addition, the committee concluded that the receipt of loans" and so forth, with the reference to the Code of Ethics for Government Service. I am referring to the resolution that the committee passed. I don't find that the committee made a judgment in that area. Is that a correct conclusion?

Mr. **Brand**. I think we are confused, Congressman, about which memo of ours you are reading from.

The **Chairman**. Thank you.

Mr. **Brand**. June 19?

The **Chairman**. This is the recommendation of the Special Counsel concerning sanctions.

Mr. **Brand**. OK, I am with you. That is on page 2?

Mr. **Brown**. On page 2 halfway down in the first paragraph, where you have reiterated some of the things that the committee has found.

Mr. **Lowell**. What sentence is it?

Mr. **Brown**. It is the sentence which begins, "In addition, the committee concluded that the receipt of loans and interest payments by Congressman Hansen from persons he was assisting before Federal departments violated the House Concurrent Resolution 175" and goes on.

I am looking back at the resolution draft that we have in front of us. I don't find in the action of the committee a reference to that.

Mr. **Lewin**. We haven't been served with a copy of that. Could we? I don't know whether we participated in that, but could we have a copy of this memorandum? Has counsel got a copy?

The **Chairman**. Counsel can be provided with a copy of it.

Mr. BRAND. Mr. Chairman, I know you have a vote. If you want me to address this question, I will.

The CHAIRMAN. Off the record.

[Discussion off the record.]

[Recess.]

The CHAIRMAN. We are back on the record. The committee will come to order.

Mr. Brand, at the time we recessed you were about to reply to a question posed by a Member.

Mr. BRAND. Thank you, Mr. Chairman. I think, Congressman Brown, in answer to your question, the House Concurrent Resolution 175, the Code of Ethics for Government Service, has been deemed incorporated by reference into House Rule XLIII, clause 4, the prohibition on receipt of gifts from persons with direct interest in legislation.

It has been deemed an analogous standard which has been applied by the committee in previous cases with respect to Members, and that was one of the violations which the committee found to have existed last time it met.

Mr. BROWN. In that regard, would you point out to me in our resolution where that is recited?

Mr. BRAND. Yes; I guess it is the first full paragraph, the penultimate sentence, including House Rule XLIV, XLIII, clause 1, 4 and 7.

Mr. BROWN. Thank you.

The CHAIRMAN. Are you finished, Mr. Brown?

Mr. BROWN. Thank you, Mr. Chairman.

Mr. LEWIN. Might I point out in that regard, Mr. Chairman, it appears to me just from looking at page 2 that the matters that are XLIII, clause 1, 4 and 7, are referred to at the top of page 2, whereas the specific reference to House Concurrent Resolution 175 does not appear in the resolution, but it does appear on page 2.

The CHAIRMAN. Mr. Lowell.

Mr. LOWELL. Mr. Chairman, it doesn't matter in the sense that they are mixing apples and oranges to a certain extent. The Special Counsel report found a violation of the rule on accepting gifts which is precisely what clause 4 states, and then also found a violation of the Code of Ethics for Government Service, which has been incorporated as analogous and tantamount to clause 4, so it is two different ways it gets into 4. The reference that Mr. Lewin makes to the top is the specific finding of the gift; the reference later on is the analogous provision.

The CHAIRMAN. Mr. Brown

Mr. BROWN. Mr. Chairman, I raise that because I was a little surprised to see our resolution come out this way. I thought our action involved determining that there was evidence to indicate that he had failed to complete the disclosures, and that that constituted a violation of our rules which, of course, is the language in the resolution.

The recitation of these additional areas were not I thought the specific findings of this committee. There was discussion, but I hadn't, at least my understanding was that we hadn't decided on those specifics.

The CHAIRMAN. I would think that during the course of deliberations which will be the next phase, that the committee will define in what manner it makes any findings.

Does any other Member of the committee seek recognition? If not, then this completes this phase of the disciplinary hearing, and at this time the Chair will recognize Mr. Spence for a motion.

Mr. SPENCE. Mr. Chairman, pursuant to rule XI 2(k)(5) and 2(g)(2)(B), I move we go into executive session.

The CHAIRMAN. You have heard the motion. The roll call is automatic. The Clerk will call the roll.

Mr. SWANNER. Mr. Stokes.

The CHAIRMAN. Aye.

Mr. SWANNER. Mr. Spence.

Mr. SPENCE. Aye.

Mr. SWANNER. Mr. Rahall.

Mr. RAHALL. Aye.

Mr. SWANNER. Mr. Conable.

[No response.]

Mr. SWANNER. Mr. Jenkins.

Mr. JENKINS. Aye.

Mr. SWANNER. Mr. Myers.

Mr. MYERS. Aye.

Mr. SWANNER. Mr. Dixon.

Mr. DIXON. Aye.

Mr. SWANNER. Mr. Brown.

Mr. BROWN. Aye.

Mr. SWANNER. Mr. Fazio.

Mr. FAZIO. Aye.

Mr. SWANNER. Mr. Hansen.

Mr. JAMES HANSEN. Aye.

Mr. SWANNER. Mr. Coyne.

Mr. COYNE. Aye.

Mr. SWANNER. Mr. Bliley.

Mr. BLILEY. Aye.

Mr. SWANNER. Eleven members vote aye, one member absent.

The CHAIRMAN. Eleven members having voted in the affirmative, this committee meeting is now in executive session. All members of the public are requested to absent themselves from the room.

The Chair would like to thank Special Counsel, Mr. Lowell and Mr. Brand, for their presentation, their presence, also Mr. Lewin, and respondent, our colleague, Mr. Hansen, we appeciate your attendance and your presentation.

Mr. GEORGE HANSEN. Mr. Chairman, may I express my appreciation for your patience. All the time that you and the committee have devoted to this this morning I think was extraordinary and certainly we are very appreciative.

The CHAIRMAN. Thank you, sir.

Mr. DIXON. Mr. Chairman, will Special Counsel be on call for us?

The CHAIRMAN. They will be available in the anteroom.

[Whereupon, at 1 p.m., the committee proceeded to further business in executive session.]

RECOMMENDATION OF SPECIAL COUNSEL CONCERNING SANCTION COMMITTEE SHOULD RECOMMEND TO THE HOUSE

A. BRIEF STATEMENT OF THE CASE

On June 14, 1984, the Committee adopted a resolution by a vote of 10–0 finding that the evidence of Representative Hansen's conviction for violating 18 U.S.C. § 1001 constituted violations over which the Committee is given jurisdiction under Clause 4(e) of Rule X of the House rules and resolved to proceed to hold a disciplinary proceeding to determine what sanction to recommend that the House impose on Representative Hansen.

Committee Rule 14, under which the Committee acted in this matter, provides that after determining whether the evidence at trial establishes violations over which the Committee has jurisdiction, as it did find, the Committee "shall hold a disciplinary hearing for the sole purpose of determining what action to recommend to the House" and that "such hearing shall be held in accordance with Rule 16 of the Committee rules applicable to the second phase of a disciplinary hearing . . ."

As part of the "second phase of a disciplinary ruling," Rule 16 requires that counsel for the Committee shall present an "oral and/or written submission" as to the sanction the Committee should recommend to the House.

Based on Special Counsel's Report and review of the evidence at trial, the Committee found that Representative Hansen's failure to disclose certain transactions by himself and his spouse under the Ethics in Government Act constituted violations of various House rules, including Rule XLIV requiring disclosure of commodities transactions and loans made by the Hansen's, as well as House Rule XLIII, cl.1 (failure to reflect credibly upon the House), cl.4 (accepting gifts over $100 in value from persons with a direct interest in legislation) and cl.7 (raising monies by direct mail which inured to personal benefit of the Member). In addition, the Committee concluded that the receipt of loans and interest payments by Congressman Hansen from persons he was assisting before federal departments violated House Concurrent Resolution 175, 72 Stat. pt.2, B12 (July 11, 1958) the Code of Ethics For Government Service, which prohibits Members from accepting benefits under circumstances which might be construed as influencing the performance of his governmental duties.

B. THE SANCTIONS AVAILABLE TO THE COMMITTEE AND THE HOUSE

Pursuant to Rule 17 of the Committee's rules, the Committee has specified the sanctions which may be imposed "[w]ith respect to any violation with which a Member . . . was charged." These include: (1) expulsion; (2) censure; (3) reprimand; (4) fine; (5) denial or limitation of any right, power, privilege or immunity available to Members; and (6) any other appropriate sanction. *See* Committee Rule 7(b)(1)(A)–(F)

In addition, but only as "general guidelines" to be considered, the Committee has stated in its rules that "reprimand is appropriate for serious violations, censure is appropriate for more serious violations, and expulsion of a Member . . . is appropriate for the most serious violations." *See* Committee Rule 17(c)(3). Finally, a fine has been deemed "appropriate in a case in which it is likely that the violation was committeed to secure a financial benefit . . ." *Id.* [1]

The source of the power of the Committee to recommend and the House to impose these sanctions is the Constitution, which provides that each House may "punish its Members for disorderly behavior, and, with the concurrence of two thirds, expel a Member." Art. I, § 5, cl.2.[2]

Because of the constitutional source of the self-disciplinary power, and its plenary exercise by the House is a matter of discretion, e.g., 2 Hinds' *Precedents of the House of Representatives,* §§ 1275, 1276 (1907), it has been greatly debated within the House precedents, but no bright and clear lines define with anything like that found in the criminal code the precise boundaries of these sanctions. In order to arrive at the appropriate recommendation, it is necessary to briefly review the sanctions imposed for various kinds of ethical breaches by Members in the past.

Prior Committee and House Precedents

Expulsion from the House has been reserved for only the most egregious behavior by Members and only four (4) times in our history has the extreme penalty been imposed, three (3) times for treason during the civil war, 2 Hinds' *Precedents, supra* §§ 1261–62, and once for bribery in accepting money in the performance of official duties as a Member of Congress. H.R. Res. 794, 96th Cong., 2d Sess. 126 Cong. Rec. H10309 (daily ed., Oct. 2, 1980).[3]

The Constitution is silent on defining offenses which are subject to expulsion, except to require a super-majority to do so. *But see* U.S. Const., Art. II, § 4 (President, Vice President and all civil officers of the United States impeachable for "treason, bribery or other high crimes and misdemeanors") and *In Re Chapman,* 166 U.S. 661, 669–70 (1897) (right to expel extends to all cases in which offense is such as in judgment of body is inconsistent with trust and duty of member). Review of these standards would appear immediately to render expulsion in this case too serious a penalty and unavailable as a matter of precedent.

The next form of punishment—censure—has been exercised some nineteen (19) times in the history of the House, most recently in the investigation into sexual misconduct and use of drugs by Members and employees, H.R. Rep. No. 559, 98th Cong., 1st Sess. (1983).[4] In addition, censure has been approved by the House in circumstances where Members have violated House rules in misappropriating official allowances, unjustly enriching themselves through their staff in connection with the disbursement of clerk-hire funds, In the Matter of Representative Charles C. Diggs, Jr., H.R. Rep. No. 351, 96th Cong., 1st Sess. 17, 19 (1979) or have received money from a person with a direct interest in legislation in violation of Clause 4, Rule XLIII and for transferring campaign funds into office and personal accounts. In The Matter of Representative Charles H. Wilson, H.R. Rep. No. 930, 96th Cong., 2d Sess. 4-6 (1980).

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[1] The rule goes on to state that denial or limitation of a right, power, privilege or immunity of a Member is appropriate when "the violation bears upon the exercise or holding of such right, power, privilege or immunity." *Id.*

[2] Read in *pari materia* with the Speech or Debate Clause protection under Art. I, § 6, cl.1, for any legislative actions, the self-disciplinary power constitutes a jurisdictional grant to Congress to review and sanction conduct which may be shielded from scrutiny by the judicial branch. *United States* v. *Helstoski,* 442 U.S. 477, 488 n.7 (1979); *United States* v. *Dowdy,* 479 F.2d 213, 227 (4th Cir. 1973) (the House or Senate has jurisdiction to try and punish legislative conduct shielded by the Clause). This power is particularly relevant in this case, where communications between Congressman Hansen and the House Ethics Committee were unavailable to the court or prosecution based on pre-trial rulings determining that they were protected by the Clause, but which were available to Special Counsel and the Committee in reviewing Congressman Hansen's solicitation of advice. *See* Special Counsel's Report Upon Completion of Preliminary Inquiry, Exhibits 2, 3, 4 and 5.

[3] Because bribery is "the equivalent of an attempt to secure a particular course of action by the legislature through duress," it has been regarded as the highest form of legislative misconduct. Landis, *Constitutional Limitations on the Congressional Power of Investigation,* 40 Harv.L.Rev. 153, 157 (1926).

If there is any discernible distinction between those rules offenses for which censure has been imposed and those for which the somewhat lesser punishment of reprimand has followed, it is that disclosure-related offenses have generally been confined to reprimand, even when the failure to disclose reveals a related violation of a substantive rule of the House concerning the appearance of conflict of interest embodied in, for example, the Code of Ethics for Government Service. In The Matter of Representative Robert L.F. Sikes, H.R. Rep. No. 1364, 94th Cong., 2d Sess. at 21 (1976). *See also,* In The Matter of Representative Edward R. Roybal, H.R. Rep. No. 1743, 95th Cong., 2d Sess. 1 (1978) (failing to report a campaign contribution, converting a campaign contribution to personal use and giving false testimony under oath).

Reduced to their essentials, the offenses for which Representative Hansen was convicted and found by the Committee to be in violation of House rules were disclosure-related. Even the other rules violations found, based on acceptance of gifts or the appearance of conflict, relate to the failure to disclose. Indeed, Special Counsel found that it was to avoid explaining his relationship with Nelson Bunker Hunt and the Virginia men that Congressman Hansen failed to list various transactions.

Nor does the solicitation campaign and the violation of Advisory Opinion Nos. 4 and 11, by which the Hansens transferred solicited funds to a joint account from which monies were drawn by Congressman Hansen for his personal use change the character of the offenses. The House has previously deemed such "conversion" offenses to be subject to reprimand even when coupled with other misconduct, including false testimony before the Committee, H.R. Rep. No. 1743, *supra,* and 124 Cong. Rec. 37017 (1978) (House reduced censure recommended by Committee to reprimand).

As these precedents indicate, it has been the *character* of the offense—disclosure and conversion—which establish the level of punishment imposed, not the cumulative nature of the offenses. H.R. Rep. No. 1361, *supra,* and H.R. Rep. No. 1743, *supra.* Accordingly, the appropriate punishment in this case would appear to be a reprimand under these precedents.

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[4] The principal difference between censure and reprimand is that censure is inflicted by the Speaker and the words are entered on the Journal. 2 Hinds' *Precedents, supra* §§ 1259, 1251. Since the House proceedings are now televised, H.R. Rule I, ¶ 9, Rules of the House of Representatives, § 634c, H.R. Doc. No. 271, 97th Cong., 2d Sess. 310 (1983), censure subjects a Member to greater public opprobrium than reprimand.

As previously discussed, Committee Rule 17(b)(1)(D) includes a fine as an appropriate sanction and Committee Rule 17(c)(3) states that a fine is appropriate in a case in which it is likely that the violation was committed to secure a "financial benefit." The imposition of fines is a relatively recent innovation in the House's disciplinary panoply, but it has been used in two (2) cases. *Powell* v. *McCormack,* 395 U.S. 486, 500 and 563 n.7 (1969) ($25,000) H.R. Rep. No. 351, *supra,* at 17 ($40,000). *See* McLaughlin, *Congressional Self-Discipline: The Power To Expel, To Exclude and To Punish,* 41 Ford.L.Rev. 43, 61 (1972) ("The power to fine is a traditional penal sanction and reasonably inferable from the power to punish").

Although Committee Rule 17(c)(3) seems to speak of fine as appropriate for offenses where the Member obtains pecuniary benefit, it is fair to say that some degree of pecuniary benefit was derived by Representative Hansen's non-disclosed transactions. Representative Hansen derived a financial benefit from the favorable loan terms and no pay back aspect of the Nelson Bunker Hunt guarantee, as well as the interest paid on the loans from the three Virginia men by them. In Special Counsel's view, fine is an appropriate sanction in this case for these reasons and we recommend that the Committee impose, in addition to reprimand, a fine of $10,000.

Moreover, Representative Hansen has contended throughout his case that the criminalization of the Ethics In Government Act through prosecution under the federal false statements statute is inappropriate based on the legislative history of EIGA and principles of statutory construction. While we express no view on this issue, which has been and will no doubt continue to be litigated in his case, it is certainly appropriate to impose a fine under the theory that a statute which was intended to have civil fines only should be treated by the House in a way which is consistent with EIGA, particularly where EIGA has been incorporated into House rules.

RECOMMENDATION

Based on what the record reveals were Representative Hansen's offenses and on the applicable House precedents, Special Counsel recommends that the Committee vote for the sanction of a reprimand and a fine of $10,000.

CORRESPONDENCE

LOUIS STOKES, OHIO, CHAIRMAN
NICK JOE RAHALL II, W. VA.
ED JENKINS, GA.
JULIAN C. DIXON, CALIF.
VIC FAZIO, CALIF.
WILLIAM J. COYNE, PA.

BARBER B. CONABLE, JR., N.Y.
JOHN T. MYERS, IND.
EDWIN B. FORSYTHE, N.J.
HANK BROWN, COLO.
JAMES V. HANSEN, UTAH

JOHN M. SWANNER, STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

April 4, 1984

Honorable George Hansen
U.S. House of Representatives
1125 Longworth House Office Building
Washington, D. C. 20515

Dear Representative Hansen:

We have recently obtained confirmation from the U.S. District Court that you have been convicted in U.S. District Court for the District of Columbia on four charges of violation of 18 U.S.C. Section 1001.

These convictions bring into operation paragraph 10 of Rule XLIII of the Rules of the House over which this Committee has jurisdiction.

For your edification, I am enclosing a copy of House Report 94-76 which amplifies and explains the terms as they are used in paragraph 10 of Rule XLIII. If you have any further questions regarding this matter, please contact the Committee Staff Director at 57103.

Sincerely,

Louis Stokes
Chairman

Floyd Spence

Floyd D. Spence
Ranking Minority Member

Enclosure

NINETY-EIGHTH CONGRESS
LOUIS STOKES, OHIO, CHAIRMAN
NICK JOE RAHALL II, W. VA.
ED JENKINS, GA.
JULIAN C. DIXON, CALIF.
VIC FAZIO, CALIF.
WILLIAM J. COYNE, PA.

FLOYD D. SPENCE, S.C.
BARBER B. CONABLE, JR., N.Y.
JOHN T. MYERS, IND.
EDWIN B. FORSYTHE, N.J.
HANK BROWN, COLO.
JAMES V. HANSEN, UTAH

JOHN M. SWANNER, STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

April 18, 1984

HAND DELIVERED

Honorable George V. Hansen
U.S. House of Representatives
1125 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Hansen:

This is to inform you that pursuant to Rule 14 of the Rules of the House Committeee on Standards of Official Conduct ("the Committee") a preliminary inquiry has been commenced as a result of your recent conviction in the United States District Court for the District of Columbia.

Pursuant to Rule 11(a)(2)(A) of the Committee's Rules, you have the right "to present to the Committee, orally or in writing, a statement respecting the allegations with respect to which the inquiry is being held." Such a statement should address itself to whether the offenses for which you were convicted are ones over which the Committee has jurisdiction under Rule X of the Rules of the House of Representatives.

If you wish to present a written statement, it must be received by the undersigned by 5:00 p.m., Friday, April 27, 1984. If you wish to appear before the Committee to present oral testimony under oath, you must so inform the undersigned within five days of the date of this letter, and a Committee hearing will tentatively be scheduled for 10:00 A.M. Wednesday, May 9, 1984, for the purposes of receiving that testimony. Failure to respond within these time limits will be deemed a waiver of your rights to present a statement during the preliminary inquiry.

Sincerely,

Stanley M. Brand
Stanley M. Brand

Abbe David Lowell SB
Abbe David Lowell

Special Counsel to
the Committee

cc: Nathan Lewin, Esq.
Frank Campbell, Esq.

NINETY-EIGHTH CONGRESS
LOUIS STOKES, OHIO, CHAIRMAN
[illegible]
ED JENKINS, GA.
JULIAN C. DIXON, CALIF.
VIC FAZIO, CALIF.
WILLIAM J. COYNE, PA.

FLOYD D. SPENCE, S.C.
BARBER B. CONABLE, JR., N.Y.
JOHN T. MYERS, IND.
EDWIN B. FORSYTHE, N.J.
HANK BROWN, COLO.
JAMES V. HANSEN, UTAH

JOHN M. SWANNER, STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

April 18, 1984

HAND DELIVERED

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Re: Representative George V. Hansen

Dear Mr. Lewin:

It is our understanding that you will be representing Congressman George V. Hansen in connection with the proceedings that commenced under Rule 14 of the Rules of the House Committee on Standards of Official Conduct. We are enclosing a letter which was sent to Congressman Hansen concerning the initiation of a preliminary inquiry under the provisions of Rule 14 of the Committee's Rules of Procedure. We are also enclosing a copy of the full Committee Rules.

In connection with the Special Counsels' Report on the conclusion of the preliminary inquiry, we are currently reviewing the transcript and exhibits from the trial of Congressman Hansen in the United States District Court for the District of Columbia. If you would like to desginate any portions or exhibits for inclusion in our Report, please let me know as soon as possible, but no later than April 27, 1984.

If you have any questions about the preliminary inquiry or other procedures which the Committee has undertaken or will undertake in the future, please do not hesitate to contact us.

Sincerely,

Stanley M. Brand
Stanley M. Brand

Abbe David Lowell SB
Abbe David Lowell

Special Counsel to the
Commimttee

cc: Frank Campbell

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

April 20, 1984

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Mr. Lewin:

This will confirm our telephone conversation of April 20, 1984, relating to your request, due to your observance of the intervening religious holidays, for an extension of time within which to inform us whether Congressman Hansen will present a written or oral statement to the Committee during its preliminary inquiry.

We will agree to extend from Friday April 27, 1984, to Wednesday May 2, 1984, the time for submitting a written statement to the Committee, should you wish to present one. In the event that you chose instead to present oral testimony under oath, please so inform us no later than Wednesday April 25, 1984. As previously established, a hearing has been set for 10:00 A.M. Wednesday, May 9, 1984, to present any oral testimony.

Sincerely,

Stanley M. Brand
Stanley M. Brand
Special Counsel to the
Committee

cc: Honorable George V. Hansen
Frank Campbell, Esq.

SMB:laf

[illegible]
LOUIS STOKES OHIO CHAIRMAN
NICK JOE RAHALL II W VA
ED JENKINS GA
JULIAN C DIXON CALIF
VIC FAZIO CALIF
WILLIAM J COYNE PA

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

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BARBER B CONABLE JR NY
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EDWIN B FORSYTHE NJ
HANK BROWN COLO
JAMES V HANSEN UTAH

JOHN M SWANNER STAFF DIRECTOR

April 25, 1984

HAND DELIVERED

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Mr. Lewin:

This will confirm our understanding over the telephone today that you again require additional time within which to advise us whether Congressman Hansen will submit a statement in writing, or testify, during the preliminary inquiry. We have agreed to grant an additional extension to the close of business on Friday, April 27, 1984, to so inform us. We want to emphasize that this is the last such extension to which we can agree during this phase of the Committee's proceedings and that, since our initial April 20, 1984 letter, all the time which is reasonably necessary to determine whether the Congressman will testify or submit a statement in writing has been granted.

Sincerely,

Stanley M. Brand
Stanley M. Brand

Abbe David Lowell
Abbe David Lowell

Special Counsel
to the Committee

cc: Honorable George V. Hansen
Frank Campbell, Esq.

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TELEX
89-2343

April 27, 1984

BY HAND

Stanley M. Brand, Esq.
Abbe David Lowell, Esq.
Special Counsel to the Committee on
 Standards of Official Conduct
United States House of Representatives
Washington, D.C. 20515

Dear Messrs. Brand and Lowell:

The purpose of this letter is to advise you that our client, Congressman George V. Hansen, elects, pursuant to Rule 11(a)(2)(A) of the Rules of Procedure of the Committee on Standards of Official Conduct, to present to the Committee an oral statement concerning the allegations with respect to which the inquiry is being held. We understand that a hearing has been scheduled for May 9, 1984, at 10 a.m. for the purpose of receiving such a statement.

Pursuant to telephone discussions we have had, we will also be submitting to the Committee, as counsel for Congressman Hansen, written submissions with relation to these allegations.

Sincerely yours,

Nathan Lewin

NL/clb

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(202) 662-9700

STANLEY M. BRAND
ABBE DAVID LOWELL
GREGORY S. DOLE

CABLE ADDRESS
"BLEND"

Hansen

May 3, 1984

HAND-DELIVERED

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Mr. Lewin:

This will confirm yesterday's telephone conversation with Frank Campbell postponing the hearing scheduled for Wednesday, May 9, 1984 due to the anticipated absence of the ranking Republican Member of the Committee.

The hearing has been rescheduled for Thursday, May 17, 1984 at 10:00 a.m.

Sincerely,

Stan Brand
Stanley M. Brand

SMB:dre

cc: Honorable George V. Hansen
Frank Campbell, Esq.

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

May 14, 1984

HAND DELIVERED

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Nat:

This will respond to your request that Congressman Hansen be given the opportunity to review and reply to special counsel's report on the completion of the preliminary inquiry. As you know, the Committee's practice has not included a response to a preliminary inquiry report prior to the Committee's consideration and action. Of course, the Congressman and you will be able to review the report after it is presented to the Committee and before any additional action is taken. In addition, in this matter, the Congressman and you have had and will continue to have numerous opportunities for input into the preliminary inquiry process. These include the meetings and telephone conversations we have had, the chance to put something in writing before the Committee members prior to the Congressman's appearance and the Congressman's appearance itself.

Consequently, the Committee's staff has decided not to break with past practice of limiting a member's participation after the preliminary inquiry report to addressing the issues raised by any disciplinary hearing the Committee may order. Therefore, should special counsel's report recommend further Committee action, and should the Committee vote that action to occur, Congressman Hansen would be given a new opportunity to submit any writing to the

Committee and to appear at any further hearing. The submissions and appearance, in that eventuality, should address the disciplinary issues raised in Rules 16 and 17 of the Rules of Procedure for the Committee on Standards of Official Conduct.

Sincerely,

Stanley M. Brand/ads
Stanley M. Brand

Abbe David Lowell
Abbe David Lowell

Special Counsel
to the Committee

1125 Longworth Building
Washington, D.C. 20515
Tel.: (202) 225-5531

Committees-Subcommittees
AGRICULTURE
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BANKING, FINANCE AND URBAN AFFAIRS
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Financial Institutions Supervision, Regulation and Insurance
International Trade, Investment and Monetary Policy

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May 15, 1984

The Honorable Louis Stokes
Chairman
Committee on Standards of Official Conduct
HT2, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

Last year, I advised the Committee that due to the unique circumstances in which I found myself, I would be unable to file the EIGA diclosure form for 1982 until the legal matter in which I was involved was finally resolved. Unfortunately, there is still no final resolution of that matter and the annual reporting date is again approaching.

Until last week, I had expected to discuss this matter with your Committee at its meeting scheduled for May 9th for review of my situation. Since that meeting was postponed until May 17th, which is beyond this year's report date, I feel it appropriate to write to you concerning these reports as they relate to pending matters in court.

As I stated last year, to report in 1983, including items for which I have been accused of criminal violations for prior years, could seriously prejudice my contentions in defense of the propriety of my prior filings. Any liability which is reportable on the theory of the Department of Justice would continue to be reportable which creates a problem of consistency in my reporting which I consider to have been properly done.

Apart from the particulars of my case, which will be discussed before the Committee in appropriate circumstances, I wish to bring to your attention some consequences of the intrusion of the Department of Justice in attempting to criminalize the reporting process.

The first consequence of the intrusion of Justice into House business is the loss of the ability on the part of the Committee and of the individual members to work together, as was intended by the statute, to resolve those issues which inevitably will arise in working with such a law as EIGA.

All the items which I am accused of omitting from disclosure are now a matter of public record. They are public because I revealed them to the Department of Justice voluntarily to assist in an investigation which I initiated of a criminal blackmail. I am not and have never been unwilling to cooperate with your Committee in making disclosure appropriate to my financial situation as dictated by the law -- in fact, I have with ongoing legal counsel extensively solicited Committee assistance and approval of my efforts. Even now, after three years of investigation and ten days of trial, neither improper conduct, conflict of interest nor accepting bribes has ever been suggested against me -- the argument is simply one of procedure, not concealment.

My inability to file now is likewise not in any way related to a concealment of any kind. My finances have been poured over by the Department of Justice in detail and they have admitted that there was no basis for any allegation of bribery or conflict of interest. The investigation, however, has been extremely arbitrary and virtually everything which I turned over to the Department of Justice during the period involved was immediately leaked to the press and reported on extensively even before an indictment was returned.

The criminal view of EIGA championed by the Department of Justice at least reduces the ability of members to freely cooperate with the Committee in resolving often real problems in reporting. This is the position in which I now find myself. The second result of the view of Justice on criminal sanctions in EIGA is that a report to the Clerk of the House becomes a lethal weapon, subject to interpretation by criminal attorneys at Justice, without even access to any counsel given a member through the Committee. It creates the situation that a member is safer not reporting, for which omission there is only a maximum civil penalty of $5,000 compared to criminal penalties for an erroneous filing. A maximum fine of $5,000 for non-filing is certainly small compared to the $300,000 bill I have received for defense costs as a result of making a conscientious effort to file.

The law now stands in this posture. The judge in my case has interpreted the law as saying that any misstatement in an EIGA report is sufficient grounds for prosecution. I remind you that this is in spite of the fact that this case is a pure reporting case. There is not any allegation of any misconduct by me. I fear for any Member of Congress in which the Department of Justice takes an interest with such a weapon in hand -- it has made Congressmen extremely vulnerable.

I repeat to you and to the other members of the Committee that I will continue to cooperate with you in resolving this matter in the most fair, expeditious and equitable manner possible.

Sincerely,

GEORGE HANSEN
Member of Congress

GVH:at

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89-2343

May 15, 1984

BY HAND

Stanley M. Brand, Esq.
Abbe D. Lowell, Esq.
Brand, Lowell, Nickerson & Dole
923 - 15th Street, N.W.
5th Floor
Washington, D.C. 20005

Re: Preliminary Inquiry Into George V. Hansen

Dear Stan and Abbe:

Enclosed please find three copies -- one for each of you and one for John Swanner -- of the Briefing Book and Appendix that we have prepared on behalf of Congressman Hansen. We have also arranged for a set of these books to be delivered to each of the Committee members.

By way of designating the record for the Committee's inquiry, we hereby request that the following materials be included in the record:

1) A complete transcript of the trial testimony, including all bench conferences;

2) A transcript of the closing arguments;

3) Defendant's exhibits 2, 30-41, 46, 73-74 and 86-89 1/;

1/ Because defendant's exhibits 87 and 89 may not be readily available from the court records, we have also enclosed copies of these exhibits with this letter.

4) Government exhibits 9A-E, 10, 13-16, 26, and 28-30 A & B;

5) Defendant's Motion to Exclude Irrelevant and Prejudicial Evidence;

6) Defendant's Memorandum on Materiality; and

7) Defendant's Motion to Dismiss the Indictment.

Sincerely yours,

Nathan Lewin ([illegible])

Nathan Lewin

NL/aa
Enclosure

[illegible]

JOHN M. SWANNER STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

May 17, 1984

HAND-DELIVERED

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Nat:

This will reply to the portion of your May 15, 1984 letter requesting that certain portions of the trial transcript be designated as the Committee's record in the Hansen matter. We readily can agree to including all of the trial testimony. Also, the government's and defendant's exhibits which you chose are fine. In addition to these, however, we also plan to include defendant's exhibits: 9, 18, 22, 23, 51-68, 75, 76 77, 81, and government exhibits: 4a-d, 8a-c, 17-23, 25, 26, 27d, 27e, 35a-b, 36, 37, 38a-d, 39d, 41-55, 63-72, 80-83 and 86.

We also can agree to include counsel's closing arguments, even though they are not evidence in the case. However, your request that all bench conferences be included is too broad. We have discussed these conferences with you in general, and I know you realize they are not technically evidence. Rather than simply asking for all, please designate those handful that you think best demonstrate your point about trial conduct. Finally, we cannot agree to include the defendants' motions and memoranda you request. These really are legal arguments going to issues which you yourself have stated are not within the Committee's concern. I hope you understand the balance we have struck between including everything and accommodating as many of the Congress- man's requests as possible and yet not bringing too many purely legal arguments into the record or spending more resources than necessary.

If you have any questions concerning this letter or the designations, please let us know.

Sincerely,

Stanley M. Brand

Abbe David Lowell

Abbe David Lowell

Special Counsel
to the Committee

ADL:sfm

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TELEX
89-2343

June 1, 1984

BY HAND

Stanley M. Brand, Esq.
Abbe David Lowell, Esq.
Committee on Standards of
 Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Dear Messrs. Brand and Lowell:

Enclosed for supplementary inclusion in the record of the proceeding involving Congressman Hansen is a copy of an article which appeared in The Washington Post on December 3, 1977, beginning on page A1 and continuing on page A6. This article -- which was recently found by Congressman Hansen in his files -- supports his testimony that he believed since 1977 that the responsible House Committees had impliedly approved his attorney's views concerning the consequences of the Property Settlement Agreement he and his wife signed in September 1977. The relevant facts were known to the House Select Committee on Ethics in 1977 and were viewed as adequate technical basis for treating Mrs. Hansen's debts independently of the Congressman's.

Permit me to direct your attention to several key portions of the article:

First, of prime importance is the concluding paragraph of the article, which states:

> Committee sources said that because Mrs. Hansen assumed the debts and the fund-raising was not explicitly on her husband's behalf, the congressman was not "technically" in violation of the House rule. "Presumably, his constituency will have to decide in their own minds whether it's a violation of the spirit of the rule," one staff member said.

This public statement by "Committee sources" to a highly respected reporter of The Washington Post illustrates the view that was being communicated to Congressman Hansen at the time. Indeed, from reading this article in The Washington Post, Congressman Hansen and his colleagues could reasonably assume that the House Select Committee on Ethics, having been notified of the Property Settlement Agreement, concurred that the means used by the Hansens to raise funds to cover their debts was permissible.

Second, the publication of the article and the consequent public knowledge of the matter of "personal debts" surely lends substantial added support to the assertion by Congressman and Mrs. Hansen that such debts existed and were a great personal problem. It was amazing, as I have previously indicated, to hear the prosecutors at trial question the existence of the debt. The contemporaneous newspaper article demonstrates that, notwithstanding the public embarrassment, Congressman Hansen publicly acknowledged at the time that there were very substantial debts owed by his family.

Third, the article does not speak at all of any division of assets. Although the Property Settlement Agreement also divided assets, it is clear from the article that the matter of whether assets were jointly owned or were commingled -- a matter emphasized by the prosecutor at trial -- was not a question of significant importance at the time to the Hansens or to the Select Committee.

Fourth, the publication of the article also indicates that the parties were being open and candid with the public. There is no indication that Congressman Hansen refused to speak to the Post reporter or that he concealed any information from the reporter. He discussed the basis for the liabilities and why he believed that it was proper to seek public assistance in paying for them.

To be sure, the article, having appeared in 1977, does not deal directly with the question of financial disclosure. The absence of any discussion of financial disclosure demonstrates, however, that no one was thinking of disclosure problems at the time, and that the Agreement was not a means of avoiding disclosure. It was reasonable for the Congressman and his legal advisers to assume, when the problem of disclosure arose in 1978, that the same reasoning that applied to solicitations would apply to the matter of financial disclosures.

Sincerely yours,

Nathan Lewin

NL/clb
Enclosure

1125 Longworth Building
Washington, D.C. 20515
Tel.: (202) 225-5531

Committees-Subcommittees
AGRICULTURE
Forests, Family Farms, and Energy
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Domestic Monetary Policy
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International Trade, Investment
and Monetary Policy

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House of Representatives
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June 4, 1984

RECEIVED
1984 JUN 12 AM 11:17
COMMITTEE ON
STANDARDS OF OFFICIAL COND.

Mr. Benjamin J. Guthrie
Clerk
U.S. House of Representatives
H-105, The Capitol
Washington, D.C. 20515

Dear Mr. Guthrie:

This is to acknowledge your letter of May 25, 1984, concerning reports required under Title 2, U.S.C. Sec. 701(a). I enclose for your file a copy of my May 15, 1984 letter to Chairman Louis Stokes of the House Committee on Standards of Official Conduct on the same subject.

Your assertion in the second paragraph of your letter accurately states the intent of the law when it was passed by the Congress. I regret to advise you, however, that this is not the interpretation imposed on the Ethics in Government Act (EIGA) by the Public Integrity Section of the Department of Justice. As you will become aware from the enclosure, it is precisely the question of criminal penalties as sanctions for alleged EIGA violations which is the basis for my current situation.

I have consistently made every effort to keep the Committee informed until the legal filing requirements are clearly resolved.

Sincerely,

George Hansen

GEORGE HANSEN
Member of Congress

GVH:at
Enclosure

RECEIVED
1984 JUN -5 [illegible] 9:22

Tel.: (202) 225-5531

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Congreſs of the United States
House of Representatives
Washington, D.C. 20515

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May 15, 1984

RECEIVED
1984 JUN 12 AM 11: 17
COMMITTEE ON
STANDARDS OF OFFICIAL CONDUCT

The Honorable Louis Stokes
Chairman
Committee on Standards of Official Conduct
HT2, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

Last year, I advised the Committee that due to the unique circumstances in which I found myself, I would be unable to file the EIGA diclosure form for 1982 until the legal matter in which I was involved was finally resolved. Unfortunately, there is still no final resolution of that matter and the annual reporting date is again approaching.

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The criminal view of EIGA championed by the Department of Justice at least reduces the ability of members to freely cooperate with the Committee in resolving often real problems in reporting. This is the position in which I now find myself. The second result of the view of Justice on criminal sanctions in EIGA is that a report to the Clerk of the House becomes a lethal weapon, subject to interpretation by criminal attorneys at Justice, without even access to any counsel given a member through the Committee. It creates the situation that a member is safer not reporting, for which omission there is only a maximum civil penalty of $5,000 compared to criminal penalties for an erroneous filing. A maximum fine of $5,000 for non-filing is certainly small compared to the $300,000 bill I have received for defense costs as a result of making a conscientious effort to file.

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I repeat to you and to the other members of the Committee that I will

continue to cooperate with you in resolving this matter in the most fair, expeditious and equitable manner possible.

Sincerely,

George Hansen

GEORGE HANSEN
Member of Congress

GVH:at

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TELEX
89-2343

June 5, 1984

BY HAND

Abbe David Lowell, Esq.
Committee on Standards of
Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Dear Abbe:

Pursuant to our telephone conversation of last evening and our meeting this morning, I have done some additional investigation and have thought some more about the documents which you have recently found in the files of the House Select Committee on Ethics. Although I do not, at present, have copies of these documents in my possession (because you explained that you would be checking first with the Committee to determine whether they could be released to me), I have a general recollection of their contents. Since I will be unavailable on June 6 and 7 and I know that you are busy preparing the final draft of the report you will be submitting to the Committee, I am taking the liberty of commenting on these newly-raised matters in this letter.

1. I advised you this morning that neitner Congressman Hansen nor Mr. Runft has a specific recollection of having seen the draft letter that you showed me this morning. I understand that is consistent with the present memory of others who were involved at the time. For example, you advised me that Don Terry also did not recall that there had been a letter either drafted or sent. It is not surprising, of course, that by this date -- almost six years after the events -- a particular document is not recalled by any of the parties.

2. The attorney with whom Mr. Terry spoke in June 1978 was John Runft. I understand that Mr. Runft called you this morning and told you his recollection of the discussion he had with Mr. Terry. It was Mr. Runft's impression that the conversation ended with Mr. Terry having a more correct understanding of the purpose and effect of the Property Settlement Agreement and its consequence for financial disclosure obligations than he had had prior to their lengthy discussion. Indeed, it was Mr.

Runft's feeling that he had satisfied Mr. Terry that the treatment of Mrs. Hansen's liabilities on the financial disclosure form was correct.

3. I have had Mr. Runft check his time sheets and bills for the month of June 1978. He has advised me that they reflect the following entries:

> 6/23/78 -- Telephone conference with George re proposed House Ethics Committee ruling.
>
> 6/27/78 -- Telephone conference with George re Ethics Committee. Rough draft of opinion; telephone conference with Don Terry of the House Ethics Committee re disction [sic] between property settlement involving vested interest and transfers of property and re verbal agreement; consistent with Property Settlement Agreement consisting [sic] reformation of contract; telephone conference with George re above
>
> 6/30/78 -- Telephone conference with George reviewing House Ethics Committee position and conference with attorney for Committee

These entries make it clear that in the week between June 23, 1978, and June 30, 1978, Mr. Runft had telephone conferences regarding the draft which you found in the House Committee files. Following these conversations, the House Committee determined not to send the letter that it had proposed to send to Congressman Hansen.

4. If anything, this exchange demonstrates that Congressman Hansen did not simply send a letter in the hope that the letter would be filed away and forgotten and could be brought out as a self-serving defense whenever it seemed useful. The letter plainly prompted discussion within the House Committee and provoked questions to the Congressman's attorney. Those questions were answered, apparently to the satisfaction of the Committee members. To my mind, this exchange strengthens -- rather than weakens -- the Congressman's position that he received implied consent from the House Committee for his decision not to report his wife's liabilities. Indeed, requests for a copy of the Property Settlement Agreement made in later years by the staff of the Committee on Standards of Official Conduct indicated that the House Committee did not subscribe to the view expressed in the draft letter that you showed me. If the Committee had agreed with that letter, there would have been no relevance whatever to the language of the Agreement.

5. I hope it is clear to you that no portion of the Congressman's defense in this matter is intended to criticize the Committee on Ethics or the Committee on Standards of Official Conduct in any way. It is, and always has been, Congressman Hansen's view that he expressed his position to the Committee on Ethics in his correspondence in May 1978, and that the Committee did its job by reviewing that correspondence and determining not to take any action based upon it. The documents that you have now found provide further support for that proposition. The matter was amply discussed, questions were directed to Congressman Hansen's counsel, and the questions were answered. The Committee then determined not to send to the Congressman the letter which a staff member had drafted.

6. In our conversations you have used, at various times, the term "political reasons." I do not assume that the Committee's actions in either preparing the draft which you showed me this morning or in determining not to send it were based on considerations other than those appropriate to the Committee. If one were to take account of "political reasons," it is the Congressman's strong belief that there were more "political reasons" for the Committee to issue an opinion telling him his financial disclosure form was incomplete than not to do so. Indeed, the Committee had shown no hesitation to rule adversely to the Congressman in Advisory Opinion No. 11.

7. You have mentioned that the one individual with a "clear recollection" of the events in 1978 was a staff member by the name of Mr. Dye. You should know, in this regard, that I have been advised that Mr. Dye has been, for the past four years, on the staff of the Democratic Study Group, an organization which lists Congressman Hansen as one of its chief adversaries. I do not mean to impugn anything that Mr. Dye has said. But it is relevant, I believe, for anyone evaluating the facts to know whether the witness with the most "clear recollection" harbors any bias in the matter.

I will try, within the next two days, to have my office get to you any documents that are relevant to this new subject. Please feel free to contact Stephen Braga of my office if any questions do come up tomorrow or the next day.

Sincerely yours,

Nathan Lewin

NL/clb

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June 12, 1984

BY HAND

Hon. Louis Stokes, Chairman
Committee on Standards of
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U.S. House of Representatives
2304 Rayburn House Office Building
Washington, D.C. 20515

Hon. Floyd D. Spence
Committee on Standards of
Official Conduct
U.S. House of Representatives
2466 Rayburn House Office Building
Washington, D.C. 20515

Re: Matter of Congressman George V. Hansen

Dear Chairman Stokes and Congressman Spence:

The purpose of this letter is formally to request, as I did orally in a telephone conversation with Mr. Lowell this morning, a copy of the Special Counsel's report in advance of the meeting of the full Committee, which I understand is now scheduled for the afternoon of Thursday, June 14.

The Committee surely wants to be certain that it is proceeding in this matter with all relevant and accurate information. Although we respect the ability of Special Counsel, the history of this matter, in court and elsewhere, has shown that misunderstandings and misstatements frequently derive from one-sided accounts. The Congressman testified in Executive Session and we have provided the Committee with material demonstrating that he did nothing to warrant any proceeding against him. Since the Committee's decision on whether to proceed to the next stage is critical and is, I trust, not foreordained, I hope that Congressman Hansen and I can see the Special Counsel's report in time to bring to the Committee's attention in writing any unintended inaccuracies.

The presentation made on Congressman Hansen's behalf, both written and oral, was made in the presence of Special Counsel and available to him so that he could comment upon it and make any responses he deemed appropriate. Simple justice and equity warrants giving Congressman Hansen an opportunity -- even if limited to writing -- to comment on the Special Counsel's proposed findings and recommendations.

Sincerely yours,

Nathan Lewin

NL/clb
cc: Abbe David Lowell, Esq.

NINETY-EIGHTH CONGRESS
LOUIS STOKES, OHIO, CHAIRMAN
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JOHN M. SWANNER, STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

June 12, 1984

Nathan Lewin, Esq.
Miller, Cassidy, Larocca
& Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Mr. Lewin:

This will reply to your June 12 letter requesting a copy of Special Counsels' Report on the Completion of the Preliminary Inquiry before it is considered by the Committee. As Special Counsel explained to you in their May 14, 1984 letter, it has not been the practice of the Committee to provide a member or his or her counsel with the opportunity to respond to the preliminary inquiry report before it is considered. The Committee's rules spell out in detail that a member has the right to submit or appear before the Committee pursuant to a Rule 14 inquiry, but nothing in the rules or in the Committee's precedents provides for the inspection and right to reply that you request. We understand from Special Counsel that they have met and spoken with you on a number of occasions, and have invited you to make submissions to them on numerous matters, which you have done.

The preliminary inquiry is now in an internal stage. Having heard from Congressman Hansen and you, the Committee must undertake the difficult task of considering whether it has jurisdiction to act in this matter. If the Committee should decide to act, you can be assured that the Congressman and you will have ample opportunity to further address the Committee. This opportunity includes submission and appearance for any disciplinary hearing which may occur, but also includes your ability to bring to the Committee's attention any errors in the preliminary inquiry report, which in your view require discussion. However, to provide an opportunity to evaluate the Committee's counsels' report, before the members have had the opportunity to review and discuss it, would extend a right not previously granted or deemed necessary in view of the open exchange of information between Special Counsel and respondent's counsel during this phase and unduly encumber the Committee's processes. Since you will have the ability to comment at a later date, we do not view the short delay involved as seriously affecting Mr. Hansen's rights or desire to respond.

On behalf of the Committee, we appreciate Congressman Hansen's and your cooperation with the preliminary inquiry. Again, we hope you understand the need to proceed in the manner set out.

Sincerely,

Louis Stokes
Chairman

Floyd Spence

Floyd Spence
Ranking Republican Member

LS:cmb

cc: Stanley M. Brand, Esq.
Abbe David Lowell, Esq.

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

June 12, 1984

Nathan Lewin, Esq.
Miller, Cassidy, Larroca
& Lewin
2555 M Street, N.W.
Suite 500
Washington, D.C. 20037

Re: In the Matter of Representative George V. Hansen

Dear Nat:

This will respond to the June 1 and 5 letters you wrote concerning the above-referenced matter.

With respect to the December, 1977 news article, we would agree that the article confirms that the Ethics Committee knew something about the Hansen's property settlement agreement. However, the article does not shed any light on whether any member or staff actually saw the property agreement, was told any specifics concerning the Hansen's financial operations after the agreement was entered, knew that funds raised by Mrs. Hansen might be or were transferred to one of the Hansen's joint accounts or the significance of any of the above. Finally, as you note, the article does not deal with the issue of disclosure.

With respect to your June 5 letter, I may have not been clear or you may have misunderstood, Don Terry did not recall the substance of the June, 1978 draft, but he did recall that some letter was sent and discussed with John Runft. Second, I appreciate your having Mr. Runft call me. Our conversation was helpful, but I must tell you that his and the staffs' recollections do not coincide. The staff states that they did not acquiesce to Mr. Runft's arguments and continued to hold to their interpretation of Rule 44.

We think you continue to place too much weight on the fact that the June draft was never formalized. There are any number of reasons for that, and it is a little self-serving to argue that it was because Mr. Runft was able to pursuade the Committee that their view was wrong. When I said that the decision may have been "political," I meant only that it may have had nothing to do with the merits of the issue and reflected other legitimate concerns (e.g. Ethics Committee finishing business before expiring, Chairman Preyer's desire to try to resolve the issue informally owing to his deference to Congressman Hansen or any other collegial reason). The point we emphasize is that it is not productive to speculate about a reason we cannot know for sure.

Finally, your statement that you "do not mean to impugn anything that [Roy] Dye has said," nevertheless does just that. Your letter does not indicate that you spoke with or know Mr. Dye, and we think your suggestion was inappropriate. As a former member of the Ethics Committee staff, Mr. Dye understands the seriousness of the charges against Congressman Hansen and his own responsibility to be forthright. Employment by a recognized legislative support organization sanctioned by the House after his service on the Ethics Committee is not reason enough to doubt Mr. Dye's memory or veracity; indeed, in our view it is wholly irrelevant to the issue whether the Congressman asked for and the Select Committee gave the advice in question.

We very much appreciate your willingness to meet with us and the Committee staff. We have found that our discussions and your submissions helped focus our and the Committee's review. Your oral presentation of May 17 was particularly good in clarifying the issues before the Committee and the questions which had to be considered.

If you have any additional information for the Committee to consider, please let me know. As the schedule now stands, the Committee plans to meet to review our report on the completion of the preliminary inquiry on Thursday afternoon, June 14. Thank you again for your cooperation.

Sincerely,

Stanley M. Brand/ods
Stanley M. Brand

Abbe David Lowell
Abbe David Lowell

Special Counsel

ADL:sfm

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June 13, 1984

BRAND, LOWELL
JUN 13 1984
AND DOLE

BY HAND

Abbe David Lowell, Esq.
Committee on Standards of
 Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Re: In the Matter of Congressman George V. Hansen

Dear Abbe:

I received yesterday afternoon your letter of June 12 concerning various points raised in my earlier letters to you of June 1 and 5. I hasten to reply to the statements made in your June 12 letter only so that three points can be clearly understood before the Committee's meeting of June 14.

1. While it is interesting to know that "the staff" of the Ethics Committee believes that "they did not acquiesce to Mr. Runft's arguments and continued to hold to their interpretation of Rule 44," the important question, so far as Congressman Hansen's state of mind is concerned, is what he was told. Mr. Runft indicated to you that he believed that he had persuaded Mr. Terry, and obviously that is the message that he communicated to the Congressman. Since it is undisputed that the Committee never formally accepted what the staff now says was its view, and since that staff position was not communicated to the Congressman, he was entitled to proceed on the assumption that the Committee was implicitly confirming his method of reporting.

2. A second important point relates to what happened after 1978. I noted in my letter of June 5 that Committee staff continued year after year to discuss the Property Settlement Agreement with Congressman Hansen's staff. The consistent interest in that Agreement, along with the publication of newspaper articles throughout the period which demonstrated that it was public knowledge that Congressman Hansen was not reporting his wife's liabilities or assets on his EIGA forms, provided further support for the Congressman's good-faith belief that the Committee knew what he was doing and was not disapproving his conduct.

3. Much as I regret your view that the information I provided concerning Mr. Dye "was inappropriate," I have to advise you that Mr. Dye worked for the Democratic Study Group both before and after his employment with the House Ethics Committee. While that fact alone is not reason totally to discredit his recollection, it is surely a relevant factor bearing on possible bias. Distasteful as it may be, it is a legitimate subject for consideration by you and by the Committee.

Sincerely yours,

Nathan Lewin

NL/clb

NINETY-EIGHTH CONGRESS

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U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

June 14, 1984

Honorable George V. Hansen
U.S. House of Representatives
1125 Longworth House Office Building
Washington, D. c. 20515

Dear Congressman Hansen:

We have been instructed to deliver to you the enclosed Resolution adopted by the Committee on Standards of Official Conduct today, together with the Special Counsels' Report.

Pursuant to Rules 14 and 16, the Committee has scheduled a hearing for Wednesday, June 20, 1984, in Room 2359-A Rayburn House Office Building to begin at 10:00 a.m. for further proceedings pursuant to the Committee's rules.

As you will note, the Resolution also directs that the Special Counsels' Report be made public after delivery to you, and this will be done at 10:00 a.m., Friday, June 15, 1984.

Sincerely,

Stanley M. Brand

Stanley M. Brand

Abbe David Lowell

Abbe David Lowell

SPECIAL COUNSEL

cc: Nathan Lewin

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

IN THE MATTER OF REPRESENTATIVE
GEORGE V. HANSEN

98th Congress
2nd Session

RESOLUTION

Pursuant to Rule 14 of the Committee's Rules, the Committee, having reviewed the evidence relating to the conviction of Representative George V. Hansen in the United States District Court for the District of Columbia for offenses of violating Section 1001 of Title 18 of the United States Code; and upon consideration of the Report of Special Counsel Upon Completion of Preliminary Inquiry filed June 12, 1984 and all relevant evidence, including the exhibits and record herein, now determines that the evidence of his failure to file a complete disclosure constitutes violations of rules over which the Committee is given jurisdiction under Clause 4(e) of Rule X of the rules of the House of Representatives, including House Rule XLIV, XLIII cls. 1,4,7, and it is hereby:

Resolved, that the Committee shall proceed promptly to hold a disciplinary hearing for the sole purpose of determining what sanction to recommend that the House of Representatives impose on Representative Hansen for these offenses and violations; and that it be further

Resolved, that Representative Hansen and his counsel shall be promptly advised of this action and informed of the Member's rights pursuant to the Rules of this Committee, and that it be further

Resolved, that the Special Counsels' report in this matter be made public after service upon Representative Hansen and his counsel.

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June 15, 1984

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[illegible]

BY HAND

Hon. Louis Stokes, Chairman
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Washington, D.C. 20515

Hon. Floyd D. Spence
Committee on Standards of
Official Conduct
U.S. House of Representatives
2466 Rayburn House Office Building
Washington, D.C. 20515

Re: Matter of Congressman George V. Hansen

Dear Congressmen Stokes and Spence:

The purpose of this letter is to express to you promptly my objection to the flagrant denial of fundamental constitutional rights in your Committee's recent procedures in the Matter of Congressman George V. Hansen. I refer specifically to the events that followed the Executive Session held on May 17, 1984, during which Congressman Hansen testified and was questioned and during which I was permitted to make a presentation on his behalf.

1. The Hearing of May 17.

The obvious purpose of permitting the Congressman to appear pursuant to Rule 14 is to entitle him and his attorney to confront the evidence that may be used against him and to answer questions from Members of the Committee relating to that evidence. The Congressman and I left the session of May 17 confident that he had dealt responsibly with the pending allegations and had responded fully to the Committee's questions. We had the impression that the Committee had been satisfied with his testimony. You will recall that two days prior to the Executive Session, we also distributed to members of the Committee and to the Special Counsel copies of a Briefing Book on behalf of the

Congressman (with a volume of Exhibits) which specified why we believed that the Congressman had committed no offense within the Committee's jurisdiction. This procedure was open and above-board. It gave the Special Counsel an opportunity to question the Congressman about his defense and to consider his written submission and oral answers. The Congressman has not, however, received equivalently fair treatment from the Committee. What happened between May 17 and June 14 can only be described as "trial by ambush." I will try to recount the facts briefly.

2. The Events After May 17.

Following the meeting of May 17, we were told that the Special Counsel's report would probably be submitted to the Committee on or about the end of May. Additional telephone inquiries from me to Mr. Lowell produced the same information. In fact, no report was completed by the end of the month.

Suddenly, on the afternoon of June 4, I was called on the telephone by Mr. Lowell who told me that he had very recently discovered some documents which raised suspicions in his mind. He described the documents to me generally, and I indicated that I had never been told of such documents and I would be very interested in seeing them and having copies. In a second conversation shortly after the first, I expressed to him orally my reasons for believing, from his account, that the documents were not as suspicious as he thought. We arranged to meet in his law office on the morning of June 5. It was clear that because of prior commitments, we would have no more than one hour on the morning of June 5 to discuss what he had found. On June 4, I discussed his statements to me with Congressman Hansen, Mr. McKenna and Mr. Runft over the telephone.

In his office on June 5, Mr. Lowell showed me -- but refused to give me copies of -- the documents which now appear as Exhibits 4 and 5 to the Report of the Special Counsel. I had never previously seen those documents or any copies of them, and I had no knowledge that they existed. He did not show me Exhibits 1, 2 and 3. I had approximately 10 to 15 minutes to peruse the documents in his presence.

I advised Mr. Lowell in our meeting of June 5 that I had learned that the attorney who was referred to in Exhibit 5 was probably John Runft, and not Mr. McKenna. (Mr. Lowell had erroneously jumped to the conclusion on the previous day that it had been Mr. McKenna.) I also told him that neither Mr. Runft nor the Congressman specifically recalled seeing any draft letter from the Committee. We agreed that since this had allegedly occurred six years previously, such a failure of recollection would not be surprising. He advised me that Mr. Terry had also not recalled a draft opinion, and that only Mr. ye had a clear recollection.

I asked again for copies of the documents so that I could show them to the Congressman and to Mr. Runft to refresh their recollections and for their comment. Mr. Lowell refused to give them to me, and I did not receive copies until I saw them as attachments last evening to the Report of the Special Counsel. I suggested to Mr. Lowell that John Runft would be available to testify before the Committee if there was any question about the events of June 1978. I also told him that I would have Mr. Runft call him on the telephone and answer any questions he might have. Following our meeting, I did ask Mr. Runft to make such a call, and he spoke that morning with Mr. Lowell.

I was given no further information regarding this newly discovered material by Mr. Lowell until I received from him a letter dated June 12, to which I promptly replied. A copy of his letter and mine are enclosed. (I note that my letter was not attached to the Special Counsel's Report, and I do not know whether it was ever given to the Committee.)

3. Our Requests To See the Report.

When I was advised on June 12 by Mr. Lowell that he had submitted the Special Counsel's Report to the Committee, I immediately asked him for a copy so that the Congressman and I could respond to any matters that had not previously been raised and correct any inaccuracies. You will recall that I delivered to you by hand on June 12 a request for a copy of the Report. (A copy of that letter is enclosed.)

My concern, quite frankly, was not merely with what Mr. Lowell might say in his Report on the matters that had been raised prior to May 17, but also what conclusions he would come to -- and what facts he would report to the Committee -- concerning the documents he said he had discovered in early June. It was essential that the new material be fully and fairly presented to the Committee because the Committee had never had an opportunity to ask Congressman Hansen or anyone else about those documents.

My request was refused. In the same vein, Congressman Hansen's request directly to the Committee members -- delivered on the morning of June 14, 1984 -- for an opportunity to see the

Special Counsel's Report if they were to decide, on the basis of it, to take any adverse action, was also refused.

4. The Violation of Constitutional Rights.

The result of this refusal to provide us with copies of the documents and to give Congressman Hansen an opportunity to present his case to the Members of the Committee was the biased, unfair and ill-informed recitation that appears at pages 25 to 34 and 37 to 41 of the Special Counsel's Report. I was shocked to see that the matter of the new documents became a critical part of the Special Counsel's Report at these pages. The inferences and conclusions stated there were entirely Mr. Lowell's unilateral speculations, suspicions, and surmises. In the tradition of Star Chamber proceedings, the individual accused of misconduct was given no opportunity to confront the evidence used against him, to explain what his recollection was, or even to examine the documents which were being used to find him culpable.

On the basis of Mr. Lowell's surmises, the Committee has apparently rejected the testimony of two attorneys who testified at Congressman Hansen's trial. And by selective underlining on pages 26 through 29, the testimony of Messrs. Runft and McKenna and of Congressman Hansen are made to appear untruthful because they may not have recalled or known of a draft document dating back to 1978. Congressman Hansen is also condemned on page 31 of the Report because of statements made to Mr. Lowell by unnamed members of "the staff." No individuals are named, no specific testimony is quoted, and no details are provided.

These procedures make a mockery of the process provided by Rule 14. How could the Committee know whether the documents do or do not contradict Congressman Hansen's testimony without hearing from him and his attorneys what their recollections are of the 1978 events concerning those documents? Indeed, how can the Committee know whether the documents are even genuine?

Until the end of the hearing of May 17, 1984, the proceedings conducted by the Committee were fair and beyond reproach. Following that date, the Committee abandoned its responsibilities and allowed one individual to conduct an informal inquiry, find additional documents, speak privately with some witnesses, and then meet with the Committee in a closed session during which he could present to it his jaundiced view of the facts. That does not meet minimal constitutional standards for any agency of government, much less a Committee of the Congress which passes on the integrity of Members of the House.

5. The Addition of New Charges.

The Congressman and I were greatly surprised to find in the Report six pages (pp. 45-50) devoted to "Other Rule Violations." Whereas Mr. Lowell had advised me and associated counsel at an early meeting that his Report might deal with matters other than the charges pertaining to the EIGA forms that were the basis for the criminal trial, he subsequently represented to us that the Committee had determined that it would be unfair to inquire into these other areas without the full-fledged procedure provided by Rules 11 and 12. For this reason, these other areas were not discussed at all during the Executive Session of May 17.

Following the procedure of "trial by ambush," the Special Counsel thereafter incorporated in his Report these other matters which, by mutual agreement, were not to be covered in this proceeding. The Committee thereby deprived Congressman Hansen not only of the rights granted by Rules 11 and 12, but also of the limited opportunity to state his defense provided in Rule 14.

6. Conclusion.

For the above reasons, I respectfully request, on Congressman Hansen's behalf, that the Committee promptly reconsider its Resolution of June 14 and reopen its proceedings to permit the Congressman to respond to the documents recently found and to the allegations Mr. Lowell has made in his Report. I also request that permission be given for Messrs. Runft and McKenna to appear before the Committee to state their recollections of those events, and that the unnamed "staff" members whose recollections are relied upon in the Special Counsel's Report be required to testify and be made available for cross-examination under oath in a proceeding before the full Committee.

Sincerely yours,

Nathan Lewin

NL/clb
Enclosures
cc: Abbe David Lowell, Esq.

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June 12, 1984

BY HAND

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Hon. Floyd D. Spence
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U.S. House of Representatives
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Washington, D.C. 20515

Re: Matter of Congressman George V. Hansen

Dear Chairman Stokes and Congressman Spence:

The purpose of this letter is formally to request, as I did orally in a telephone conversation with Mr. Lowell this morning, a copy of the Special Counsel's report in advance of the meeting of the full Committee, which I understand is now scheduled for the afternoon of Thursday, June 14.

The Committee surely wants to be certain that it is proceeding in this matter with all relevant and accurate information. Although we respect the ability of Special Counsel, the history of this matter, in court and elsewhere, has shown that misunderstandings and misstatements frequently derive from one-sided accounts. The Congressman testified in Executive Session and we have provided the Committee with material demonstrating that he did nothing to warrant any proceeding against him. Since the Committee's decision on whether to proceed to the next stage is critical and is, I trust, not foreordained, I hope that Congressman Hansen and I can see the Special Counsel's report in time to bring to the Committee's attention in writing any unintended inaccuracies.

The presentation made on Congressman Hansen's behalf, both written and oral, was made in the presence of Special Counsel and available to him so that he could comment upon it and make any responses he deemed appropriate. Simple justice and equity warrants giving Congressman Hansen an opportunity -- even if limited to writing -- to comment on the Special Counsel's proposed findings and recommendations.

Sincerely yours,

Nathan Lewin

NL/clb
cc: Abbe David Lowell, Esq.

NICK JOE RAHALL II, W. VA.
ED JENKINS, GA.
JULIAN C. DIXON, CALIF.
VIC FAZIO, CALIF.
WILLIAM J. COYNE, PA.

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

JOHN T. MYERS, IND.
HANK BROWN, COLO.
JAMES V. HANSEN, UTAH
THOMAS J. BLILEY, JR., VA.

JOHN M. SWANNER, STAFF DIRECTOR

June 12, 1984

Nathan Lewin, Esq.
Miller, Cassidy, Larroca
& Lewin
2555 M Street, N.W.
Suite 500
Washington, D.C. 20037

Re: In the Matter of Representative George V. Hansen

Dear Nat:

This will respond to the June 1 and 5 letters you wrote concerning the above-referenced matter.

With respect to the December, 1977 news article, we would agree that the article confirms that the Ethics Committee knew something about the Hansen's property settlement agreement. However, the article does not shed any light on whether any member or staff actually saw the property agreement, was told any specifics concerning the Hansen's financial operations after the agreement was entered, knew that funds raised by Mrs. Hansen might be or were transferred to one of the Hansen's joint accounts or the significance of any of the above. Finally, as you note, the article does not deal with the issue of disclosure.

With respect to your June 5 letter, I may have not been clear or you may have misunderstood, Don Terry did not recall the substance of the June, 1978 draft, but he did recall that some letter was sent and discussed with John Runft. Second, I appreciate your having Mr. Runft call me. Our conversation was helpful, but I must tell you that his and the staffs' recollections do not coincide. The staff states that they did not acquiesce to Mr. Runft's arguments and continued to hold to their interpretation of Rule 44.

We think you continue to place too much weight on the fact that the June draft was never formalized. There are any number of reasons for that, and it is a little self-serving to argue that it was because Mr. Runft was able to pursuade the Committee that their view was wrong. When I said that the decision may have been "political," I meant only that it may have had nothing to do with the merits of the issue and reflected other legitimate concerns (e.g. Ethics Committee finishing business before expiring, Chairman Preyer's desire to try to resolve the issue informally owing to his deference to Congressman Hansen or any other collegial reason). The point we emphasize is that it is not productive to speculate about a reason we cannot know for sure.

Finally, your statement that you "do not mean to impugn anything that [Roy] Dye has said," nevertheless does just that. Your letter does not indicate that you spoke with or know Mr. Dye, and we think your suggestion was inappropriate. As a former member of the Ethics Committee staff, Mr. Dye understands the seriousness of the charges against Congressman Hansen and his own responsibility to be forthright. Employment by a recognized legislative support organization sanctioned by the House after his service on the Ethics Committee is not reason enough to doubt Mr. Dye's memory or veracity; indeed, in our view it is wholly irrelevant to the issue whether the Congressman asked for and the Select Committee gave the advice in question.

We very much appreciate your willingness to meet with us and the Committee staff. We have found that our discussions and your submissions helped focus our and the Committee's review. Your oral presentation of May 17 was particularly good in clarifying the issues before the Committee and the questions which had to be considered.

If you have any additional information for the Committee to consider, please let me know. As the schedule now stands, the Committee plans to meet to review our report on the completion of the preliminary inquiry on Thursday afternoon, June 14. Thank you again for your cooperation.

Sincerely,

Stanley M. Brand/ADL
Stanley M. Brand

Abbe David Lowell
Abbe David Lowell

Special Counsel

ADL:sfm

[illegible]
2555 M Street, N.W. Suite 500
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June 13, 1984

BY HAND

Abbe David Lowell, Esq.
Committee on Standards of
Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Re: In the Matter of Congressman George V. Hansen

Dear Abbe:

I received yesterday afternoon your letter of June 12 concerning various points raised in my earlier letters to you of June 1 and 5. I hasten to reply to the statements made in your June 12 letter only so that three points can be clearly understood before the Committee's meeting of June 14.

1. While it is interesting to know that "the staff" of the Ethics Committee believes that "they did not acquiesce to Mr. Runft's arguments and continued to hold to their interpretation of Rule 44," the important question, so far as Congressman Hansen's state of mind is concerned, is what he was told. Mr. Runft indicated to you that he believed that he had persuaded Mr. Terry, and obviously that is the message that he communicated to the Congressman. Since it is undisputed that the Committee never formally accepted what the staff now says was its view, and since that staff position was not communicated to the Congressman, he was entitled to proceed on the assumption that the Committee was implicitly confirming his method of reporting.

2. A second important point relates to what happened after 1978. I noted in my letter of June 5 that Committee staff continued year after year to discuss the Property Settlement Agreement with Congressman Hansen's staff. The consistent interest in that Agreement, along with the publication of newspaper articles throughout the period which demonstrated that it was public knowledge that Congressman Hansen was not reporting his wife's liabilities or assets on his EIGA forms, provided further support for the Congressman's good-faith belief that the Committee knew what he was doing and was not disapproving his conduct.

3. Much as I regret your view that the information I provided concerning Mr. Dye "was inappropriate," I have to advise you that Mr. Dye worked for the Democratic Study Group both before and after his employment with the House Ethics Committee. While that fact alone is not reason totally to discredit his recollection, it is surely a relevant factor bearing on possible bias. Distasteful as it may be, it is a legitimate subject for consideration by you and by the Committee.

Sincerely yours,

Nathan Lewin

NL/clb

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[illegible]

[illegible]
OF COUNSEL

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June 13, 1984

BY HAND

Abbe David Lowell, Esq.
Committee on Standards of
Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Re: In the Matter of Congressman George V. Hansen

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Sincerely yours,

Nathan Lewin

NL/clb

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INTERNATIONAL TRADE, INVESTMENT AND MONETARY POLICY

JUN 15 1984

Congress of the United States
House of Representatives
Washington, D.C. 20515

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June 15, 1984

RECEIVED
1984 JUN 15 PM 1:41
COMMITTEE ON
[illegible]

The Honorable Louis Stokes
Chairman
Committee on Standards of Official Conduct
2465 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I must respectfully inform you that the Resolution your Committee passed yesterday was wrong, both in what was found and in the process by which the Special Counsel led the Committee to pass the Resolution. In the accompanying letter, my attorney points out only the most obvious legal defects in both the substance and the procedure. On May 17, 1984, when I had my only opportunity to answer the accusations made against me, I dealt with the matter clearly and, I think, to the satisfaction of the Committee.

Then, weeks after the Counsel had promised the Report, my attorney was advised of allegedly new material. No one asked me about this "new" material. The Committee itself had no means of testing either the genuineness or the circumstances of this material. Yet, delay approaching sloth on the part of the Special Counsel was now replaced with a previously unfelt need for speed, a speed which had a strange and convenient timing coincidence with the sentencing procedure in the U.S. District Court.

The Report now is based exclusively on matters to which we have had no opportunity whatever to respond. My integrity and that of all my attorneys is arbitrarily attacked, essentially on the word of the Special Counsel. Alleged witnesses to the events of June 1978 are not interrogated. The Special Counsel testifies for them. Nor is the story he tells on their behalf either consistent or believable.

The only witness who claims to remember that the material came to me is a highly partisan assistant director of the Democratic Study Group and even he can only say that he remembers that the material was sent, not that it was received or even seen in our office.

Damaging as the verdict in court was against me, I up to now have felt that the Committee would deal fairly with the issues. This has not happened and my confidence in the non-partisan deliberations of your Committee has been destroyed, and with good reason.

1. It has been brought to my attention that the Special Counsel which the Committee selected to lead the Committee in my case, is and has been during the entire inquiry on retainer to the National Democratic Congressional Campaign Committee. It is ironic to read this Counsel sermonizing on the appearance of conflict of interest while working for a client which is committed to unseating me. I am convinced that neither you, nor the other members of the Committee knew of this liaison when the Counsel was selected, but it certainly was the duty of the Counsel to reveal it to you, if true.

2. Beginning last Monday, I have been in receipt of information from my Congressional District that my opponent has received assurances from the NDCC that the Committee on Standards of Official Conduct would, at the right time destroy my candidacy. This information has been attributed, by Democrats, to the Chairman of that Committee.

Coupled with material of dubious origin, "discovered" only after the Counsel's Report was two weeks overdue, these intimations raise in my mind questions of why my ordinary rights to a fair hearing were so abruptly terminated. Just a few statements will illuminate why I am outraged.

1. If anyone had asked, none of my counsel nor have I ever seen the alleged draft papers relied on by the Counsel. No one asked.

2. All support for the existence of the papers and their delivery to me comes from interested parties. No chance to cross examine or rebut was provided.

3. The story concocted by the Counsel is internally inconsistent and is improbable on its face. A previously unknown document is brought forth.

Its delivery to me is testified to by Counsel. Yet no explanation is even offered as to why such a document was never formalized and issued by the Committee. Even more telling, Counsel puts in his report that my staff man and Committee staffers have been in regular contact over the years, without any evidence that any of these staff people even hinted at the existence of this "newly discovered material" which they had created, while dealing with my staff on the very issue of the papers.

Put bluntly, I accuse the Special Counsel of direct conflict of interest in bringing about the result of yesterday. They shelter partisan witnesses with an unwonted credibility in order to attack mine. Aside from the nature of our conflict, common Congressional courtesy should have demanded that you give me an opportunity to defend my integrity and veracity.

The whole matter hangs on the word of a DSG employee whose memory of matters six years in the past is not even tested by the Committee.

I overlooked as overzealousness that the staff of your Committee sent an employee to the courtroom during the trial to assist the prosecution. I now wonder whether I should not have been more suspicious of their motivation. If evidence will be twisted and perhaps even manufactured, one wonders what passed between the prosecution and your staff.

As a matter of fairness, I demand that you reopen your hearing and allow this newly discovered and conveniently butressed material to be tested without the assistance of attorneys in conflict of interest.

If your deliberations were a real attempt to reach the truth, you can lose nothing by repairing a blatant injustice.

Given the remarkable sensitivity of the Committee in other matters which have been investigated to death over recent years involving moral matters, I do not think that this request is unreasonable. To exhibit my good faith, I ask that all subsequent hearings of the Committee on my case be public.

Sincerely,

George

GEORGE HANSEN
Member of Congress

GVH:at

cc: The Honorable Floyd Spence, M.C.

BRAND, LOWELL & DOLE
FIFTH FLOOR
923 FIFTEENTH STREET, N.W.
WASHINGTON, D.C. 20005
(202) 662-9700

STANLEY M. BRAND
ABBE DAVID LOWELL
GREGORY B. DOLE

CABLE ADDRESS
"BLEND"

June 18, 1984

BY HAND

Nathan Lewin, Esq.
Miller, Cassidy, Larocca & Lewin
2555 M Street, N.W.
Washington, D.C. 20037

Dear Nat:

I do not want to fuel an endless exchange of letters between us, but I am concerned enough about the charges you and Congressman Hansen have made to write.

If I understand the points you made on the telephone and repeated in your June 15 letter, you feel that Special Counsel treated you and your client unfairly in at least two areas -- use of the post-May, 1978 correspondence from the House Ethics Committee to Congressman Hansen and mention in our report of rule violations other than financial disclosure.

On the correspondence, while you may disagree, there was no legal or precedential requirement that I notify you of the discovery of the correspondence and memoranda in response to Congressman Hansen's May 9, 1978 letter. You should know that some on the Committee have expressed concern that the number of conversations and meetings we have had will set a difficult precedent for future Committee proceedings. Nevertheless, I brought the letters and other documents to your attention in an attempt to be as fair as my role of Special Counsel would permit. As you recall, I let you see the documents and we met for more than a half hour about them. You then called and discussed the letters again. John Runft then called me, and he and I discussed the letters for a considerable amount of time. Your explanations and June 5 letter and the substance of my conversation with Mr. Runft all were included in our Report and presentation to the Committee. Your argue that you did not get copies of the letters prior to the completion of the Report. Quite frankly, since the Committee maintained its practice of not providing you a second presentation to address it before it met, there would have been little point in providing you with the copies prior to that time. Under the circumstances, there would have been little you would have been able to do with them that would have been directed to the Committee.

Also on the correspondence, there is no doubt that we found the existence of a Committee response to the May 9 letter to be relevant. You need only step back from your role as defense advocate to see that the implication clearly was given at trial that there had been no response at all. The discovery of correspondence had the obvious effect of providing some tangible criteria with which to measure Messrs. Runft's and McKenna's advice. It is not surprising that you and I might differ on the conclusions to reach, but I want to remind you that I did solicit your view and communicated it to the Committee.

On the related issue of your addressing the Committee before it met, I want to explain the Rule 14 process. Last Thursday was the first opportunity Special Counsel had to speak to the Committee. We specifically refrained from addressing the members on May 17 to give Congressman Hansen and you the opportunity to make your presentations without distraction and without his statement being measured by our response. Your criticism does not take into account the fact that the House disciplinary process is not completely analogous to a criminal proceeding. Special Counsel is not a prosecutor trying to have the Committee reach some verdict. Similarly, there is not the symmetry of back and forth argument that you are familiar with from other contexts. At some point in a preliminary inquiry, Special Counsel must be able to sit with its client to sort through the record. The difference between the disciplinary process and other forums, I think, goes a long way to explain many of the issues over which you have expressed concern.

With respect to the other rule violations, your recollection of our first meeting and mine does not coincide. I know you recall that Stan and I brought up a range of possible "issues," including financial disclosure, the solicitation scheme itself, bribery, gratuity and misuse of letterhead. You even shrugged your shoulders when Stan mentioned the catch-all standard of conduct contained in the Code of Government Service and said it was one which seemed to be included if any other rule was violated. You expressed strong opposition to the inquiry going into new areas. After that meeting, we spoke again, and I said that the inquiry would not include any statutes which were not part of the trial. However, I did not say that Special Counsel would, or could, overlook other House rules which were fundamentally related to financial disclosure. Footnote twelve in the Report, we hope, clarifies the extent to which other rules should be considered in the Rule 14 context. In the circumstances of this case, where the solicitation scheme and the Congressman's motives for non-disclosure were at issue at trial and discussed by you and me at some of our meetings, it was not unfair surprise to include those references. Indeed, it would have been unfair to the Committee and to the House of Representatives if they had been left out. As you and I discussed, there were various other statutes and rules which, because of our understanding, were left out of the Report or commented on only in a manner favorable to Congressman Hansen's position. In addition, the final report of the Committee will show that, on more than one occasion, Special Counsel, in order to be fair to the Congressman, kept the Committee's deliberations within the Rule 14 perimeter.

I truly am sorry that you feel that we have been unfair. Fairness was the one thing for which I was striving, but, I had to be fair to the Committee, the House and the public as well as to Congressman Hansen. I believe the record will show that Special Counsel explained Congressman Hansen's position completely and fairly, and that our conclusions fully are supported by the record.

On the subject of fairness, I want to take a moment to tell you how disappointed I am over Congressman Hansen's recent attacks on Stan. I do not know what role, if any, you have played in counseling him in the statements he has been making. However, you should know that his charge simply is wrong. Neither Stan nor the firm is on "retainer" to the Democratic Congressional Campaign Committee. In fact, we have never received any money from the DCCC or any of its leadership. There was only one matter on which Stan gave the DCCC any legal advice, and that concerned libel law. Moreover, unlike the Congressman who waited until he received an adverse decision before raising these charges, we told the Committee all of these facts before we were hired and made sure they were known to both the Democratic and Republican leadership before we would accept the appointment of Special Counsel. In addition, given my role as Special Counsel and my relationship with you, I do not think Congressman Hansen has any grounds on which to complain about how he was treated.

Finally, I cannot help but wondering whether the Congressman Hansen's attacks on the prosecutors' ambition, the judge's partiality and now Special Counsel's "conflict" have not become an obvious pattern which detract from any of the Congressman's defenses on the merits and fuel those of this critics who charge desperation.

Sincerely,

Abbe David Lowell

ADL:dre

cc: Members of the Committee

LOUIS STOKES, OHIO, CHAIRMAN
NICK JOE RAHALL, II, W. VA.
ED JENKINS, GA.
JULIAN C. DIXON, CALIF.
VIC FAZIO, CALIF.
WILLIAM J. COYNE, PA.

BARBER B. CONABLE, JR., N.Y.
JOHN T. MYERS, IND.
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JAMES V. HANSEN, UTAH
THOMAS J. BLILEY, JR., VA.

JOHN M. SWANNER, STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

June 19, 1984

Nathan Lewin, Esq.
Miller, Cassidy, Larroca & Lewin
2555 M Street, N.W., Suite 500
Washington, D. C. 20037

Dear Mr. Lewin:

This responds to that part of your June 15, 1984 letter requesting that the Committee reconsider its Resolution of June 14, 1984 and reopen proceedings to hear testimony from John Runft and Jim McKenna and the staff of the Committee. We understand that other parts of the letter have been addressed by Special Counsel.

It has not been the practice of the Committee to call witnesses in a Rule 14 proceeding absent compelling reason to do so, which we do not find in this case, and we have in the past construed the Rule 14 reference to Rule 11(a) to be limited to the submission of a statement by the respondent under Rule 11(a)(2)(A). The whole purpose of Rule 14 is to provide a truncated procedure which utilizes the trial record and does not re-litigate a Member's case. Complying with your request would be in direct contravention of that purpose. In addition, the discretion provided the Committee under Rule 11(a)(2)(B)-(E) does not require that we hear other witnesses, and we decline to do so. See H.R. Rep. No. 1537, Vol. II, 96th Cong., 2d Sess.

It has also not been our practice to put our staff under oath with respect to matters within the scope of their day to day duties with the Committee, any more than it would be appropriate to do so with respect to the staff of any other committee of the House. Congressman Hansen and you seem to have misunderstood Special Counsels' contacts with the staff. These were for the purpose of authenticating the documents which were found and to insure, in fairness to Congressman Hansen, that letters actually were sent. The documents speak for themselves and raise their own implications, which you already have addressed.

We understand the points in your letter, but, again, must follow long-established House and Committee precedent.

Sincerely,

Louis Stokes
Chairman

Floyd Spence

Floyd D. Spence
Ranking Minority Member

Second District, Idaho

1125 Longworth Building
Washington, D.C. 20515
Tel.: (202) 225-5531

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Agriculture
Forests, Family Farms, and Energy
(Ranking Member)
Livestock, Dairy, and Poultry
Domestic Marketing, Consumer
Relations, and Nutrition
Banking, Finance and
Urban Affairs
Domestic Monetary Policy
(Ranking Member)
Financial Institutions Supervision,
Regulation and Insurance
International Trade, Investment
and Monetary Policy

Congress of the United States
House of Representatives
Washington, D.C. 20515

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304 North 8th Street
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Tel.: 334-1976

June 26, 1984

BY HAND

The Honorable Louis Stokes
Chairman
Committee on Standards of
Official Conduct
2304 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I wish to thank you again, as I have done publicly and personally, for the full hearing I was given on June 20 by your Committee inquiring into the adequacy of my Ethics in Government Act (EIGA) filings. Also, I appreciate the Committee's decision to reject Special Counsel's recommendation that I be cited for violations of various House rules beyond the financial disclosure issue that formed the basis for my fight in federal court.

The Resolution approved by the Committee, based entirely on "consideration of the original trial evidence in Federal Court," concluded that I had violated only Rule XLIV, an issue which I believe can now be resolved with new information available. But it did remove any taint of wrongdoing by rejecting Special Counsel's recommendations regarding Rule XLIII, Advisory Opinion Nos. 4 and 11, House Concurrent Resolution 175, and the federal criminal law.

Now, Mr. Chairman, despite your generosity, a final step is necessary if I am to receive a completely fair hearing before your Committee. This step directly addresses the remaining issue, Rule XLIV, and, from your own files firmly establishes that my conduct has been properly within the Rules of the House.

As you know, my attorney and I advised your Committee at the hearing of June 20 that we were disturbed that we had received no opportunity before the Committee to address the documents and other new information that Mr. Lowell had discovered at the beginning of June and that he discussed in Special Counsel's Report (pp. 25-32) and appended as Exhibits 1 through 5 to the Report. The Committee implicitly acknowledged that there was merit to our claim by limiting its decision to "the original trial evidence in Federal Court." Plainly the Committee repudiated the negative inferences that Special Counsel had asked the Committee to draw from the "draft opinion" that was never sent and from Mr. Lowell's interviews with anonymous members of the "staff."

Careful examination of the documents, however, along with discussions we have had since their discovery with former Congressman Charles E. Wiggins, who is referred to in Exhibits 2, 3 and 4, and who is the only living signatory of Exhibit 3, have led us to conclude that the events of June 1978 are highly exculpatory and demonstrate that I conducted my affairs in accord with the expressed views of even the staff of the Select Committee on Ethics.

For example, the June 9, 1978 letter to Mr. Wiggins' attention signed by Staff Counsel Don Terry concludes with a paragraph directing attention to a key paragraph in the draft opinion dealing with my "request for an Advisory Opinion" on Rule XLIV which goes to the heart of my case. These paragraphs state:

> Finally, I want to emphasize that the language in the fourth paragraph on page three would provide Congressman Hansen with a response to any critics, both in the media and potential political opponents, concerning this subject, as well as provide Mr. Hansen with a basis for asserting that he has acted properly throughout this entire matter...
>
> Please be assured that we are of the opinion that the treatment you have received in the press concerning this subject is unwarranted, and that we are convinced any failure on your part to list required information under House Rule XLIV was based on your good-faith interpretation of that Rule. Therefore, there would be no grounds for any possible action against you based on an assertion of willful falsification or failure to file required information.

Mr. Chairman, I am bringing this information to the Committee's attention immediately because I believe that it warrants reconsideration of my case and a decision that no disciplinary action whatever should be taken.

1. The Central Point of the Documents

Exhibit 2 indicates that on May 17, 1978, the staff of the Select Committee on Ethics sent a Memorandum to Congressmen Preyer and Wiggins discussing my letter of May 9, 1978, which the staff viewed as a request "*for an opinion regarding disclosure of spouse liabilities under House Rule XLIV.*" The Memorandum noted the relevant facts -- *i.e.*, that Mrs. Hansen and I had entered into "a legal property settlement wherein [our] liabilities were separately divided between the two parties." I had contended that since Mrs. Hansen's liabilities were not shared by me and were not under my control, they need not be disclosed.

The Staff then proceeded to discuss the history of the "Old Rules" and the "New Rules" of the House. The Staff concluded, on page 3 of its Memorandum, as follows (emphasis added):

> Under the Select Committee's interpretation, it seems clear that liabilities of a spouse should be listed *unless they were acquired independently of the reporting individual*. Therefore, it appears the liabilities *which were transferred to Mrs. Hansen* ought to be disclosed.

The Staff further explained its rationale as follows:

> *Although the motivation to enter into this particular property agreement was not to circumvent disclosure*, under the interpretation Mr. Hansen has proposed, a reporting individual could literally transfer his liabilities to a spouse on December 30 and thereby circumvent third disclosure rule because it was not his liability "as of the close of the calendar year."

It is entirely clear from the Staff Memorandum that the focus of its attention was *whether the "reporting individual"* -- i.e., the Congressman -- *had "acquired" the liability* and *whether he had "transferred" it to his spouse*. The concern was that reporting of liabilities could easily be avoided by such a "transfer."

Exhibit 3, the letter to Congressman Wiggins' staff member from Don Terry, repeats this theme. It says that the letter drafted by Mr. Terry "follows Mr. Wiggins' suggested response," and it notes that Mr. Terry had called me and asked that my attorney tell him "if there had been any arrangements made with creditors to release Mr. Hansen of any personal liability at the time of the transfer of the debts to Mrs. Hansen." And Exhibit 4 -- the "draft opinion" that was never sent -- emphasizes the same critical concerns as Exhibits 2 and 3. The third paragraph reads as follows:

> However, we have no indication that the affected creditors released you from your personal liability to them at the time of the transfer. Accordingly, it is probable that you remain in some way ultimately liable for the debts originally incurred by you.

In the same vein, the concluding page of the "draft opinion" refers again to the question of whether the liability was "acquired independently of the reporting individual" and discusses "liabilites which were transferred to Mrs. Hansen." The point made by the "draft opinion" is that I must report liabilities which I incurred and which I thereafter "transferred" to my wife. (Indeed, the letter even repeats the fear that if "transferred" liabilities were not reportable, every Congressman could transfer his liabilities to his wife on December 30 so as to avoid his reporting obligation.)

2. The Facts Regarding the Unreported Liabilities

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not
p. 44

The liabilities which were not reported in 1979 and 1981 were one debt -- the $50,000 loan made by the First National Bank of Dallas to my wife in May 1977, after she lost more than $33,000 in soybean futures transactions. That debt to the Dallas bank was not reported in 1978 and 1979. It was also not reported in 1981, after Nelson Bunker Hunt had made good on his guarantee and had purchased Mrs. Hansen's note from the Dallas bank.

That debt was wholly and exclusively Mrs. Hansen's. It was "acquired independently" of me. I never had that obligation, and I never "transferred" it. In fact, it was specifically enumerated in the Property Settlement Agreement in September 1977 as Mrs. Hansen's "sole and separate" debt that she was retaining. Even under the standard of the "draft opinion" that was never sent, I never had any "personal liability" on that debt that creditors had to release, and I was never "ultimately liable" for that debt. Thus, even if I had applied the legal standard of the "draft opinion" to the question of reporting that liability, I would have been entirely correct in not reporting it.

3. Mr. Wiggins' Recollection

My counsel advised the Committee of his telephone conversation with Mr. Wiggins, in the course of which Mr. Wiggins indicated that he inferred from the decision not to send the "draft opinion" that either my attorney, John Runft, had allayed the Committee's concerns over my nonreporting or that the Committee concluded that I was technically correct in not reporting in view of our Property Settlement Agreement. As a result of further discussion with Mr. Wiggins, including provision to him of Exhibits 2, 3, 4 and 5, he told us that his present recollection, as refreshed by the documents, was that the Select Committee on Ethics was of the opinion in June 1978 that what I had done theretofore by not reporting Mrs. Hansen's liabilities was within the contemplation of Rule XLIV, and that the House Committee could not, under the language of the Rule, challenge the judgment then made by my attorney that her liabilities were not reportable.

Mr. Wiggins also indicated that, to the best of his recollection, details requested by the Committee in 1978 were provided. The Committee did not ask for a copy of the Property Settlement Agreement -- apparently because it did not believe that the document was relevant to its decision. Nor did the Committee ask whether assets were commingled, whether deeds for separate real estate had been recorded, or whether separate bank accounts were maintained. That, too, the Committee understood to be irrelevant.

The relevant facts were whether liabilities had been "transferred" and whether I was obligated to creditors on the debts assumed by Mrs. Hansen. Exhibit 5 demonstrates that Mr. Runft discussed three crucial facts with Mr. Terry, and it appears that they were resolved. The "draft opinion" was never sent.

4. Conclusion

These facts demonstrate that if one goes beyond "the original trial evidence in Federal Court," it is clear that when I did not report Mrs. Hansen's liability to the Dallas bank and to Nelson Bunker Hunt I complied with even the view of the staff of the Select Committee on Ethics. It is simply unfair to discipline me for violation of House Rule XLIV when the Select Committee enunciated the standards for disclosure of a spouse's liabilities and I, in applying that standard, did not disclose liabilities which I had not "incurred" or "transferred," and which were not an obligation I had to any creditors.

Mr. Chairman, the new materials are so persuasive that I was in constant contact with the Committee on this matter and that the Committee acted in a clear and decisive manner that my attorneys are exploring the possibility of going back into the trial court with this material and moving a new trial. Thankfully, the publication of this material as an appendix to the Special Counsel's report has made it available to my defense for the first time.

This material impressively rebuts three areas of the prosecutor's case, not adequately rebuttable until now because of the inaccessiblity of Committee records. They are 1) the existence of substantial debts in 1977; 2) my close contact with and request for assistance from the Committee at that time and later; and 3) the Committee's close consideration of my situation.

In the present state of the matter, the Committee is relying on the trial record. That record includes the loan made by my wife in its two forms, i.e., as a direct borrowing from the bank, and as a liability to Nelson Bunker Hunt after he had redeemed his guarantee and bought the loan from the bank. This loan predates the exchange of letters and conferences among me, the Committee and counsel on both sides.

Mr. Chairman, I ask you to reread the following extract from the draft opinion which comes to an exactly opposite conclusion from the Court as to those items and at least makes the determination very doubtful on the third item related to my wife, the silver transaction.

> Please be assured we are of the opinion that the treatment you have received in the press concerning this subject is unwarranted, and that we are convinced any failure on your part to list required information under House Rule XLIV was based on your good-faith interpretation of that Rule. Therefore, there would be no grounds for any possible action against you based on an assertion of willful falsification or failure to file required information.

Mr. Chairman, I respectfully request the Committee to examine this new evidence -- which I did not have available to me until the Special Counsel's Report -- and revise its recommendation to eliminate any discipline whatever.

Sincerely,

George

GEORGE HANSEN
Member of Congress

GVH:at

cc: All Members of the Committee

GEORGE HANSEN
SECOND DISTRICT, IDAHO

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FORESTS, FAMILY FARMS, AND ENERGY (RANKING MEMBER)
LIVESTOCK, DAIRY, AND POULTRY
DOMESTIC MARKETING, CONSUMER RELATIONS, AND NUTRITION
BANKING, FINANCE AND URBAN AFFAIRS
DOMESTIC MONETARY POLICY (RANKING MEMBER)
FINANCIAL INSTITUTIONS SUPERVISION, REGULATION AND INSURANCE
INTERNATIONAL TRADE, INVESTMENT AND MONETARY POLICY

Congress of the United States
House of Representatives
Washington, D.C. 20515

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June 27, 1984

The Honorable Louis Stokes
Chairman
Committee on Standards of
  Official Conduct
2304 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Your Committee and I have been involved in the complex questions raised by court action against me on April 2, 1984. These questions include whether the Ethics in Government Act ever contemplated criminal sanctions; whether the Committee has jurisdiction over my case under its Rule 14; and whether the Committee acted upon my letter of May 9, 1978 to it and in what manner.

As I have made you aware, I still contend that I have done no wrong either under the statute or the Rule and that even your very limited resolution of June 20 is erroneous. In all that time, I have taken care to demonstrate my confidence in the good faith of the Members of the Committee and in you personally.

Since June 20, I have made known publicly several of the documents upon which the Speical Counsel relied in its Report to the Committee. These documents were unknown to me or my counsel until after the original Committee vote on June 14. We protested their use as the basis of the Special Counsel's recommendation since we had neither seen nor had opportunity to rebut their contents.

I have advised you in my letter of June 26 that their contents are now perceived by us as a major evidentiary proof of my innocence, and I made that assertion in a press communication yesterday. This morning, I am startled to read in the press in my District, in addition to my statements based on that material, assertions by a Paul McNulty, identified as Committee Counsel, concerning the deliberations of the Committee; the legal limitations controlling its work; what the Committee did and did not find as facts; and an interpretation of the principles of law upon which the Committee acted.

Mr. McNulty has clearly made a major statement on behalf of the Committee in an attempt to offset my disclosures in the public press concerning documents in the possession of the Committee and contents in them which reflect creditably on my character. While I have no quarrel with any announcement which is issued by the Committee, I bitterly protest this substantially political activity by your staff.

Nor is this the first such occurence in matters concerning me. The records show that as long ago as seven years, I complained about public comments made by members of the Committee staff about my filings. Despite that precedent, Mr. McNulty saw fit to give an interview for reporters writing exclusively for my Congressional District. I can't conceive that the political effect of his efforts was not both known and intended by Mr. McNulty.

This would have been bad enough had his comments been restricted to questions of fact. But, in the midst of a not yet concluded matter, Mr. McNulty has delivered legal opinions on the jurisdiction of the Committee and on others of the complex matters in my case, a case described in your own documents as "unique". What Mr. McNulty has delivered to the press in my Congressional District has been denied to my attorneys and to me. We are not given the luxury of probing staff counsel for their reasoning on the issues in the case.

From that interview, we are able to determine for the first time that the documents were never sent to me; and that the Committee has conceded that, because there was no further word from the Committee and because the final opinion was not sent, it could not form the basis of action against me. Since your Special Counsel utilized this documentary material as the sole basis for attacking both the credibility of the advice of counsel defense and the reliance on Committee advice defense, Mr. McNulty's statements take on great significance.

Of even more significance is Mr. McNulty's statement that the Committee "was not asked to decide whether Hansen had made a 'willful falsification', but only whether he violated House rules of conduct." Such a statement of the case verges on the bizarre. Is Mr. McNulty saying on behalf of the Committee that it found that my rule violation was an inadvertant error? If so, it makes the Committee's recommendation of any sanction unjustifiable.

But if Mr. McNulty's statements reflect the advice which he gave the Committee and upon which the Committee relied, then there is a serious defect in the Committee deliberations. Your jurisdiction to judge me at all depends exclusively on your determination that the charges of which I was convicted in Federal Court were, in fact, violations of the Rules over which you have jurisdiction. If they were not, and Mr. McNulty states that either the Committee did not consider the issue or did not resolve it, then the Committee must find under its Rule 14, that it lacks jurisdiction and decline the case.

Not only do this man's statements raise further questions on the manner in which your staff has handled my case, but it appears to confirm an ingrained bias on the staff level against me extending over the past ten years. Mr. James Haltiwanger, Mr. McNulty, Mr. Roy Dye and Mr. Stan Brand have all given public statements on behalf of the Committee -- statements which conflict with the facts and which the Committee has not authorized -- without any attempt by the Committee to control the political activism of its staff members.

In addition to the various interviews given yesterday by Mr. McNulty, I include copies of news interviews, apparently authorized by the Committee, given by Special Counsel to the press in my Congressional District. In order for me to be able to respond to these statements, I would request that, if there is no will to correct this conduct of Committee staff, that at least you require them to identify which of their many statements are personal and which reflect the position of the Committee.

Sincerely,

George

GEORGE HANSEN
Member of Congress

GVH:at
Enclosure

Second District, Idaho

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URBAN AFFAIRS
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and Monetary Policy

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June 28, 1984

[illegible]

The Honorable Louis Stokes
Chairman
Committee on Standards of
Official Conduct
2304 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

Please find attached an affidavit from former Congressman Charles Wiggins, who was the ranking Republican member of the Select Committee on Ethics of the House of Representatives during 1977 and 1978.

It is offered in support of my request to the Committee to reconsider its resolution concerning my case, adopted on June 20, 1984.

Thank you for your consideration in this matter.

Sincerely,

George

GEORGE HANSEN
Member of Congress

GVH:at
Enclosure

DECLARATION OF CHARLES E. WIGGINS

Charles E. Wiggins declares:

1. I served in the United States House of Representatives as a Congressman from the 39th District of California from 1967 to 1979.

2. I served during the years 1977 and 1978 as the ranking Minority Member of the House Select Committee on Ethics of the 95th Congress. In that capacity, I became aware of and participated in the deliberations of the Select Committee concerning two proposals by Congressman Hansen for the solicitation of funds. The first proposal was for a solicitation by his wife, by means of a mass-mailing, to raise funds for the personal use of Congressman Hansen. The second proposal was for an independent group to conduct a fundraising event, the proceeds from which would be made available to Congressman Hansen for his unrestricted use. The Committee responded negatively to both such proposals in its Advisory Opinions Numbers 4 and 11. Although each such proposal involved the unrestricted personal use by the Congressman of the funds, it was my understanding that the funds were to be used for the purpose of retiring certain debts of the Congressman.

Subsequent to the Select Committee's Advisory Opinions Numbers 4 and 11, I was told that Congressman Hansen and his wife had entered into a separation of property agreement under Idaho law. I did not see a copy of the property settlement agreement but was informed that it was designed to allow Mrs. Hansen to solicit funds in her own name to retire debts which she had assumed pursuant to the property settlement agreement. I was told that Congressman and Mrs. Hansen had executed the property settlement agreement upon the advice of their attorney with the intention of removing the proposed solicitation from the jurisdiction of the House of Representatives and allowing the solicitation to proceed without violating the House Rules as then written and construed by the Select Committee on Ethics.

3. I have recently reviewed copies of the following items:

a) Memorandum dated May 17, 1978 to Congressmen Richardson Preyer and Charles Wiggins from the Select Committee Staff regarding Advisory Opinion Request of Congressman Hansen;

b) Letter dated June 9, 1978 addressed to David Shurtz from Don Terry;

c) Unsigned cover letter dated June 15, 1978 addressed to The Honorable George Hansen from Chairman Richardson Preyer and Ranking Minority Member Charles E. Wiggins of the Select Committee on Ethics;

d) Draft advisory opinion dated June 15, 1978 addressed to George V. Hansen;

e) Memorandum dated August 10, 1978 written for the files of the Select Committee on Ethics.

4. My present recollection, refreshed by my review of these documents, is that the Committee had

determined in June 1978 that if Congressman Hansen failed to report the separate liabilities of Mrs. Hansen, such a failure was not in violation of the reporting Rule as it then existed. This judgment was based upon the assumed existence and validity of the property settlement agreement under Idaho law. The Committee concluded that a valid property settlement agreement would have the effect of removing any "constructive control" of the Congressman over his wife's separate liabilities. In reaching this conclusion, the Committee did not examine the facts regarding any specific transaction. It was concerned only with the effect of a valid property settlement agreement upon the then existing House Rules. Accordingly, the Committee did not examine into the question of whether Congressman Hansen may have asserted actual control, notwithstanding the property settlement agreement, with respect to any particular transaction. The Committee did not condone the use of a property settlement agreement for purposes of circumventing the intent of the House Rules, however, the Committee believed that a Congressman could lawfully exploit any imperfection in the House Rules, as they were then promulgated. I have no present recollection of any such dissatisfaction being communicated by the Committee to Congressman Hansen.

5. In considering the question of the property settlement agreement, the Committee focused upon the question of whether a property settlement agreement would have

the legal effect of relieving Congressman Hansen of his pre-existing liabilities. If it did not, the liabilities of the Congressman continued and would be reportable, notwithstanding the property settlement agreement. It was because of this concern, as I recall, that the draft Opinion states that the Congressman should report all liabilities "transferred" to Mrs. Hansen which had originally been his. I have no present recollection that the Committee focused on future separate assets or liabilities acquired by Mrs. Hansen, after the property settlement agreement. However, as a consequence of our assumption that the property settlement agreement would have the legal effect of relieving Congressman Hansen of any "constructive control" over future liabilities incurred by his wife, it follows that the Congressman would not be required to report any such future liabilities of his wife if, under the facts of a particular transaction, he asserted no actual control over those transactions.

6. I have no present recollection as to whether the June 15, 1978 draft Advisory Opinion .of..the Select Committee was finalized by it, and if not, why not. My present impression, in recalling the Ethics Committee's reaction to the question of the effect of the property settlement agreement upon Congressman Hansen's obligation to report his wife's liabilities, is that the Committee could not justly complain because of actions taken within the

permissible limits of its own imperfectly drafted Rules. It is my recollection that the Committee concluded that any failure by Congressman Hansen to report the genuinely separate liabilities of his wife was not a violation of the Rules as they then existed. It is therefore possible (although I do not state it to be a fact) that the draft Advisory Opinion was not finalized because the Committee concluded that, given the imperfection of the Rule, the legal effect of the separation agreement under Idaho law as explained by Mr. Hansen's attorney removed the obligation to report Mrs. Hansen's separate liabilities on future disclosure reports as well. In reaching these conclusions, and speculations, I emphasize that the Committee was concerned only upon the legal effect of a property settlement agreement, and did not consider the facts and circumstances surrounding any particular future transaction which might affect a Congressman's duty to disclose, notwithstanding a valid property settlement agreement.

Dated this 28th day of June, 1984, in the City of Washington, D.C. I declare under penalty of perjury that the foregoing Declaration is true and correct.

Charles E. Wiggins

Charles E. Wiggins

NINETY-EIGHTH CONGRESS
LOUIS STOKES, OHIO, CHAIRMAN
NICK JOE RAHALL II, W. VA.
ED JENKINS, GA.
JULIAN C. DIXON, CALIF.
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JOHN M. SWANNER, STAFF DIRECTOR

U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, D.C. 20515

June 29, 1984

Honorable George V. Hansen
U.S. House of Representatives
1125 Longworth House Office Building
Washington, D. C. 20515

Dear Congressman Hansen:

The Committee received your June 28, 1984 request to reconsider its June 20, 1984 decision to recommend reprimand to the House.

The Committee was given, reviewed and discussed Congressman Wiggins' affidavit. The Committee also reviewed your request for a new hearing, and, after due consideration, determined to deny your request.

Sincerely,

Louis Stokes
Chairman

Floyd D. Spence
Floyd D. Spence
Ranking Minority Member

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June 29, 1984

The Honorable Louis Stokes, Chairman
The Honorable Floyd Spence
Committee on Standards of Official Conduct
HT2, The Capitol
Washington, D.C. 20515

Dear Chairman Stokes and Congressman Spence:

Within the past two weeks, I have been drawn into the George Hansen matter. I was called by counsel for the Committee who wished to discuss my memory of events occurring six years ago. Thereafter, counsel for Congressman Hansen called to inquire about my conversation with the Committee's counsel, and also my recollection of events occurring in 1978. These calls resulted in requests for conferences, and ultimately, written statements of my recollection.

Throughout, I have not been a volunteer; rather, I felt a responsibility to provide information if requested by an attorney representing a client in an on-going controversy. I have now been requested to write this letter, and I do so out of the same sense of responsibility.

My memory of my actions, and that of the Select Committee on Ethics, concerning the George Hansen matter in 1978 are indistinct. I have retained no written files relating to my actions on that Committee. I have been shown copies of various correspondence and memoranda which have refreshed my recollection somewhat, but my memory of specific details remains unclear. I do have, however, a clear recollection of some things.

1. I recall being advised in 1977 or 1978 that George Hansen had incurred substantial personal debts. I had then, and have now, no personal knowledge concerning the origin of these debts, but I believe I was told by George Hansen that they were, in part, business debts incurred as a result of his inattention to

private business matters during his political campaigns, and, in part, incurred in defending himself against investigations and charges which he alleged were instigated by then Congressman Wayne Hays.

2. Congressman Hansen presented the Ethics Committee with several proposals to raise funds from the general public to discharge these personal debts. The Committee formally reviewed his proposals and rejected a fundraising appeal by his wife and a fundraising event by an independent group to provide funds for his personal use.

3. At some time thereafter, I became aware that Congressman Hansen had entered into a property settlement agreement with his wife purporting to divide their assets and liabilities in a manner consistent with Idaho law. I never saw the property settlement agreement and have no present recollection as to how this information was conveyed to me.

4. At some time in the spring of 1978, the Select Committee on Ethics undertook a review of the question of whether a property settlement agreement would affect the duty of Congressman Hansen to report liabilities transferred by that agreement to his wife. I have no memory of what specific event, or request, may have triggered our review. As I recall, our central concern was whether the property settlement agreement relieved the Congressman of his duty to disclose personal liabilities to his creditors on the disclosure reports filed by him in 1978.

5. My present recollection of the exact sequence of certain events is unclear. I have been told that the former House Rule containing the "constructive control" test did not apply with respect to liabilities existing after October, 1977, and that the duty of a Member to report in April, 1978, was governed by a different rule. Although I may now be confusing earlier Committee discussions with those which occurred in 1978 concerning George Hansen, it is my present recollection that the issue of constructive control was considered by the Committee in light of the Hansen property settlement agreement. As I recall, the Committee concluded that if the Congressman had transferred liabilities to his spouse, and retained no legal obligation with respect to those liabilities, they were not his liabilities and he had no duty to report them, unless, under the facts and circumstances of a given transaction, the Congressman exercised actual control, thereby giving rise to a duty to report, notwithstanding the property settlement agreement.

6. The concern of the Committee, as I recall, thus focused upon pre-existing obligations assumed by Mrs. Hansen under the property settlement agreement, and not upon future obligations incurred by her. However, my memory of the principle adopted by the Committee would obviously be applicable to future obligations as well, unless precluded by a different rule.

7. I have no special memory of signing correspondence addressed to Congressman Hansen in my capacity as Ranking Member of the Committee, however, the form and style of the unsigned correspondence addressed to Congressman Hansen was typical of correspondence by the Committee which I signed on many occasions.

8. I did not approve then, and do not now, the device of a property settlement agreement between a spouse and a Member of Congress, if designed to avoid reporting responsibilities. In the context of Congressman Hansen's difficulties, it appeared to me to be a device intended to circumvent our previous decisions, and I didn't like it. On a number of occasions I expressed my distaste of the "property settlement" device to Congressman Hansen personally. However, as a Committee we were concerned with a fair interpretation of the rules, recognizing that our interpretation would affect others, some of whom may have had a wife or husband conducting truly independent business affairs.

I have recounted the substance of the above to both the counsel to the Committee and the counsel for Congressman Hansen. In my conversations with counsel for the Committee, I made critical comments concerning Congressman Hansen's actions and proposals in 1978. That criticism reflected my views in 1978 and now. In my conversations with counsel to Congressman Hansen, I speculated with him as to why the Congressman may not have received correspondence addressed to him. Without knowing whether the Committee had sent the letters in question or not, I speculated as to possible reasons why the letters might not have been sent. There are any number of possibilities, and I recounted a few. The facts, as distinguished from the possibilities, are unknown to me. There did come a time, however, in 1978 when the Committee felt that it had concluded its consideration of the George Hansen matter, absent a specific complaint submitted to the Committee.

I hope that my memory of events may in some way help the Committee in its evaluation of this matter.

Very truly yours,

Chuck

Charles E. Wiggins